

CURRENT HISTORY

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Does America Need a Dictator?

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Is the American Constitution "in process of deterioration, and not of growth," as ex-Congressman James M. Beck has assured us in his recent book, *Our Wonderland of Bureaucracy*? Has American and foreign confidence in our national institutions been "shaken to its foundations," as the editors of *Vanity Fair* oracularly assert? How many more of our "representative men" would concur with the fifty who confessed to Gordon Selfridge during his recent visit to America that they thought with him that democracy cannot possibly succeed as a system of government in the United States? Is it possible, as asked by intelligent men at the Cleveland meeting of the League for Independent Political Action in July that this is the last time we shall be preparing to elect national officers under the Constitution? Are we really headed toward the dictatorship which is being talked about furtively in some quarters, advocated openly in others and predicted by many sober-minded people, including not a few members of Congress? Is a dictatorship what we at present

stand in need of? Have we, indeed, a dictatorship *already*, as a co-author of *The Washington Merry-Go-Round* maintains in his latest book, *Why Hoover Faces Defeat*?

By the clock of human existence, the 143 years during which the United States has lived under its system of government is no very long stretch of time. It has proved sufficient, however, for thirteen federated commonwealths to grow to forty-eight; for 4,000,000 people to increase to 124,000,000; for a brief and simple roll of parchment to develop into one of the world's two or three most imposing systems of constitutional law; for a national government consisting of George Washington and a Congress to become a colossal political establishment with more than 600,000 officers and employes, an annual budget of \$4,500,000,000 and regulative powers and managerial functions beyond anything dreamt of even when Grover Cleveland and William McKinley trod the national stage.

For decades the American government has been a huge, living, expanding and—most people supposed—rea-

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sonably successful, going concern. It has weathered foreign hostility, sectional jealousy, civil war, financial embarrassment, political corruption, stresses and strains without number incident to amazing changes in the social and economic environment amidst which it functions. Has it gone so far only to find itself in a *cul de sac*? Has it fallen upon times so extraordinary that the only way in which it can make the supreme effort required to pull the country back from the precipice is by allowing itself to be refashioned on a fascist or other exotic model?

There is throughout the world today some doubt about the efficacy of democracy, and even about the capacity of representative government, as we know it, to survive. Fifty years ago the situation was far otherwise. Monarchs and bureaucrats and landed aristocracies, to be sure, still placed such obstacles as they could in the pathway of democratic advance. Bismarck thought elective legislatures about as edifying as June bugs in bottles; Carlyle railed at "government by windbags"; even Disraeli talked upon occasions about "that fatal drollery called representative government." Throughout the English-speaking world, however—and in other lands besides—there was general agreement with John Stuart Mill that representative government is "the best form of polity"—the only form, Jefferson had asserted, by which the rights of man can be secured. Perhaps it was merely complacent optimism; but at all events government by, as well as of and for, the people was accepted by men generally as little short of axiomatic.

A war to "make the world safe for democracy" was by the same token a war for representative government. Hardly, however, were new democratic political systems installed under a dozen post-war European constitutions before sharp reaction, born of distress and disillusionment, set in.

Already Russia, after a fling at liberalism, had yielded to a relentlessly autocratic communistic régime. Fascism raised its head in Italy. And presently, dictatorships—sometimes open and sometimes disguised—took possession not only in the countries named but in Portugal, Spain, Poland, Hungary, Albania, Yugoslavia and Turkey, with Germany hovering on the brink. Everywhere resurgent autocracy justified itself by arguing that popular, representative government is unintelligent, incompetent and (at least under post-war conditions) indefensible—in particular, that you cannot get things done under it, and that if you do, they are not the right things.

Wherever dictatorships have arisen parliamentary government has become a fiction. In some quarters, notably the new Spanish Republic, dictatorial régimes have, at least for the time being, had their day, and have given place to something else. But fascism and communism are still sapping the strength of democracy the world over; half of Europe continues under dictatorship; Japan, harassed by the worst economic conditions in a generation, seems to be silently but steadily going fascist; a wave of communism is sweeping over Latin America, which of late has had even more than its traditional share of *coups d'état* and actual or threatened dictatorships. Even in Great Britain the Mother of Parliaments is at a low ebb of authority and prestige, and a Cabinet, frankly described by Englishmen themselves as dictatorial, is—in the form of Ramsay MacDonald's National Government—claiming and wielding powers which have all but wrenched the historic Constitution from its moorings.

Americans have been prone to the easy assumption of the optimistic philosopher in Voltaire's *Candide* that our government is the best in the best of all possible worlds. We are aware, of course, that the Constitu-

tion, when it was adopted, was opposed by large and respectable elements. We know that from 1789 until today the division of powers incident to our Federal form of organization has been responsible for no end of doubts, controversies, delays, deadlocks, duplications and waste. We recall the criticisms of a long line of European observers and writers, from de Tocqueville and Charles Dickens to Lord Bryce and André Siegfried. We remember the unfavorable comparison drawn by Woodrow Wilson in his *Congressional Government*, nearly half a century ago, between the smooth-working responsible Cabinet government of Great Britain and the difficult, slow, and often futile operation of our Presidential system; the famous chapter in Edwin L. Godkin's *Unforeseen Tendencies of Democracy*, published in 1898, in which "the decline of Legislatures" was depicted principally in terms of the steadily deteriorating character and weakening position of our Congress and our State Legislatures. In William MacDonald's trenchant volume, *A New Constitution for a New America* (1921), one of our ablest students of public affairs took the position that our historic political system has fallen so completely out of step with our social and economic order that nothing less than a revision of our Constitution from beginning to end—to be undertaken by the only agency conceivably equal to such a task, a national convention—will serve to bring it into line with the national needs. Many of us in these later days have been alternately amused and shocked by the ringing indictments of our growing paternalism contained in such books as *The Federal Octopus*, by S. E. Edmunds, and *Our Wonderland of Bureaucracy*, by James M. Beck.

We are aware, also, that our system of government has undergone a great deal of change since the plans and specifications for it came from the hands of the Fathers. Certainly, a

Washington or a Jefferson returning to earth would view the scheme as it now stands with amazement. Contrary to intention, its basis has become as democratic as universal suffrage can make it. In nearly half of the States its purely representative character has been modified by the introduction of such devices of direct democracy as the initiative and referendum. The scale has been tipped far to the advantage of the National Government as against the States, and the latter are tending to become principally administrative collaborators with, and even mere agents of, the former. The executive branch has grown enormously at the expense of the legislative; so, too, has the judicial branch. A National Government that once considered its duty done when foreign relations were taken care of, defense against attack provided for, and domestic peace assured is found inspecting packing establishments in Chicago, helping Mississippi cotton-growers fight the boll weevil, enlightening gardeners on the use of calcium in growing spinach and giving mother pointers on bringing up Bobby! It has even gone into business on its own account, sometimes in active competition with private individuals and corporations.

Considering that ours is the government of a new and growing country in which economic and social changes reset the stage of political life with every passing generation, it has held, withal, to a remarkably even course through these 143 years. The great concepts underlying it—the representative principle, limited powers, the separation of executive, legislative and judicial functions, checks and balances, supremacy of civil over military authority—have been adhered to. Some of them have found applications in unexpected directions and do not mean to us what they meant to our grandfathers. But, by and large, they have not been overborne; and a government organized and conducted in

accordance with them has been able to extricate the country from every crisis that has befallen it—every crisis except perchance the one now upon us. We have had foreign war and civil war. We have had discontent and disaffection. We have had "hard times" and depressions in plenty. Are the economic disasters and social miseries of today—admittedly the worst in the country's history—so cataclysmic and so superlatively baffling that the government of Washington and Lincoln and Wilson will have to be pulled up by the roots and something different put in its place to save the nation?

There are those—many, indeed—who seem to think so. As the months have passed, and conditions have failed to show definite improvement, more and more people have been thinking and talking about the matter—people who in ordinary times take government for granted and concern themselves with it not at all. Sometimes the talk is in whispers. Often it is not for publication. But high officials and members of Congress are engaging in it. Bankers, business men, captains of industry and labor leaders are participating. Professional students of economics and politics are turning the problem over in their minds. Publicists are having their say. Newspapers, including the tabloids, are coming out with startling speculations, sensational predictions, challenging demands.

It is right that we look to government in our predicament. Government should and must be an instrument of our recovery. There is, nevertheless, a certain irony in the rush with which people who in days of prosperity take their civic obligations casually, or content themselves with prating about "too much government," turn to government in their hour of distress for the help which they naively assume it can unfailingly supply.

What is the purport of the things that are being said? More specifically,

what are the proposals of those who think that something will have to be done beyond anything that the President, Congress, the Reconstruction Finance Corporation and other leaders and agencies at Washington have as yet envisaged?

To start with the most moderate suggestions, we note first the proposal of Owen D. Young, offered in a commencement address at Notre Dame University in June, that for the time being our system of checks and balances may have to be partially abandoned and the President endowed with such emergency powers as will enable him to deal promptly and decisively with turns of the economic crisis as they appear. "When trouble comes," said Mr. Young, "we need some one with understanding and with power to marshal all our forces, to direct the course of the avalanche so that the least damage may be done, and to stop it if possible." There was no specification of the sorts of power to be conferred, but some of them can readily be surmised. As a matter of fact, the President already has "emergency powers," bestowed originally upon President Wilson during the war; and President Hoover gave public recognition to the fact in a statement of May 13, in which, after asserting that he had "no taste for them," he reminded the country that "we used emergency powers to win the war; we can use them to fight the depression, the misery and suffering from which are equally great."

During the interval before the next assembling of Congress the White House will not unlikely be impelled to take steps which only an emergency would justify. Mr. Young, perhaps, would have had Congress dramatize the situation by making a fresh grant; at all events, he considers that we ought not to allow our traditional insistence "on sharply delegated powers with adequate checks and balances" to obstruct any move on the part of

the President calculated to help us along the road to recovery.

A second proposal is that we turn to the principle of coalition. Great Britain has in effect done so, even though Mr. MacDonald's emergency Cabinet be regarded as not in the truest sense a coalition; it is argued that there is no less need in our own country for a government of "all the talents." Let the President elected in November, it is suggested, surround himself with a Cabinet drawn from all parties. Let him then call upon Congress and the country to consider politics adjourned and thenceforth to wage the battle for a revived prosperity with a completely united front. Some people profess to believe that between now and Nov. 8 President Hoover will indicate his intention, if re-elected, to pursue such a course. Even during the last session of Congress the principle of coalition came frequently into play in the cooperation of Republican and Democratic leaders, in both houses, on major matters; and it is argued that the two parties are really so near each other on most subjects that, under continuing emergency conditions, they might easily work together more frankly and fully.

More often, however, the suggestion of coalition looks rather to the setting up a sort of economic super-Cabinet, drawn from the best financial, industrial and agricultural brains of the country—something on the order of the Council of National Defense which advised President Wilson and worked out important policies and measures during the war, and out of which grew powerful agencies like the War Industries Board and the Food Administration. It will be recalled that in June of the present year thirty-six leaders in the fields of finance, industry and labor renewed a proposal offered a number of times previously by Howard E. Coffin and others that the former council be re-

vived, or another like it appointed, and that President Hoover objected, on the ground that the council as once existing was adapted only to wartime conditions and that other Federal agencies were already at work on the problems at present requiring attention.

Many people, however, remained unconvinced, and the council idea is still decidedly alive. Julius E. Barnes, chairman of the United States Chamber of Commerce, again urged it in an article in the July issue of the *Harvard Business Review*. In point of fact, the President has long been seeking and acting on the advice of a group of men competent to speak on business and economic affairs, and prolongation of the emergency may bring him to the conclusion that there would be nothing to be lost by coming out into the open with the announcement of an advisory council such as has been advocated.

Going further, we encounter bold demands for a dictatorship—a term familiar enough on the pages of European and Latin-American history, but of strange appearance, indeed, when used in the public prints concerning the United States. The fact is, nevertheless, that for a good while certain powerful elements have been toying with the idea that the only way out of our troubles lies through the establishment of some form of economic and political dictatorship, and meetings of important personages are known to have been held in New York and Chicago at which sentiment was tested out and possibilities discussed. It does not appear that anything more startling came out of these conferences than a more or less general consensus in favor of a coalition super-Cabinet of bankers and industrialists. But in other quarters there has been less moderation.

In the June number of *Vanity Fair*, the editors, asserting that we are in the grip of a crisis "infinitely more

dangerous to American civilization than the World War," and that constitutional handicaps and political ineptitude have brought us to such a pass that American and foreign confidence in our national institutions has been "shaken to its foundation," go on to declare that there are only two conceivable remedies: (1) The formation of a national party, apart from and above the existing parties, pledged to support candidates who will work for broad national government; and (2) the establishment of a frank dictatorship. There being no hope of the former, we must turn to the latter. "Appoint a dictator! Give to the next President the powers he would enjoy in time of war for the duration of the present emergency."

Writing editorially in *Liberty* for June 25, Bernarr Macfadden, after endorsing General Pershing's declaration that we are in a state of economic war, goes on to say: "We are trying to remedy this revolutionary situation with the rigid, immovable restrictions of civil and constitutional law. It cannot be done. War should be declared just as it is when we are attacked by an outside enemy. The enemy on this occasion is within. There is no use trying to deceive ourselves. Unless something can be done to remedy the appalling situation we are now facing, revolution may be upon us at any time. * * * What we need now is martial law; this is no time for civil law. The President should have dictatorial powers. The edicts of the Constitution do not interfere with a General when he is fighting a battle; and the Constitution should not interfere with the remedies which are essential to get us out of this appalling depression."

Panicky deliverances such as the foregoing are invariably bracketed with expressions of disbelief in the capacity of a government of divided powers to handle the situation such as that which confronts us, and also of utter despondency concerning the

ability of Congress to deal with national problems in a manner adequate to our needs.

We have lately had from the pen of Henry Hazlitt—in *Scribner's Magazine* for July—a proposal, offered in all seriousness, though without much apparent hope, that we simply do away with Congress and set up in its stead a national board, or council, of twelve "directors," elected for four years from the entire country as a single constituency, and according to the principle of proportional representation, so that all parties may have a chance to win some of the places. Under this plan, the President would be the councilor elected by the largest vote; and though endowed with some independent power—for example, that of veto—in the main he would act with the council, and under responsibility to it, as the British Cabinet acts in relation to the House of Commons. This, Mr. Hazlitt assures us, would impart to our government the unity, force and promptness of decision which it now so lamentably lacks.

Finally, there is fascism pure and simple. Fascist movements in the United States have not yet come out into the open, but it is known that at least two or three have been organized quietly, and the question has been pointedly raised as to whether we are definitely headed in that direction. The masses are bearing up wonderfully well under their troubles. They have not given up hope. They are not in revolt against society or against government. There is no prospect of revolution from below. But what about revolution from above? May we not witness capture of power—not by gross methods of violence but by graceful usurpation—by interests that will fasten upon us a fascist régime? Implicit in proposals noted above is the telltale demand for a "strong man." One of the editorials cited was indeed headed, "Wanted, a Mussolini!" Democratic government, we are told,

has broken down. The leisurely processes of parliamentary debate completely fail the requirements of economic decision. The people are incapable of ruling themselves, and have at last found it out. Pressed by calamity, they are uttering an instinctive call for integrated responsibility and power, and in their present mood would be perfectly willing to have a government run like a huge corporation, with a dictator President and Congress acting merely as a dummy board of directors.

What is to be the upshot? The next five years will tell. Perhaps we shall have a dictator. Perhaps we shall go fascist. Who can guarantee that we may not even some day go communist? There is no good reason, however, why any of these things should happen. We have a people too prone to civic indifference, yet with a civic sense now being galvanized into vigor. We have a political system which they can control as far as they like. We have statesmanship in public places, and large resources of it still unused. The credit of the country is good. We have no neighbors who in their desperation might turn upon us. All around we are in an immensely better position to solve our problems than are most nations of Europe or Latin America, even though our problems cannot be wholly solved unless theirs are also. So far as it is the business of government to do it at all, our political instrumentalities are adapted to pull us through; and the temper of our people is such that, given proper opportunity and support, our system will emerge unscathed in its essentials from the fires through which it will have passed. That will be less exciting than some other things that might happen. But it will be meaningful and gratifying.

In point of fact, the government at Washington has served the country—especially in the more recent stages of this crisis—both more assiduously and to better effect than is as yet

commonly recognized. President Hoover has labored prodigiously, and has added to his exceptional abilities as a planner and organizer something of the quality of leadership which the times so pre-eminently demand, but which he has commonly been supposed to lack. His record is not one for unreserved endorsement. He did not see what was in store for the country as soon as he should have; his optimism held him back from strong measures that ought to have been taken earlier; he has wavered when positiveness of word and action was needed; and he has too often yielded, against good advice, to interests and groups with which his personal philosophy makes him naturally sympathetic. Nevertheless, if what the nation wants in a President is that he have a program and be able to carry it out, the recent almost 100 per cent record of Mr. Hoover in securing what he desired from a Congress in which he had no majority in one house and only an uncertain one in the other must be set down as impressive. The point of present interest, however, is not the personal fortunes of the existing incumbent of the White House, but rather the fact that the Presidency, even in the hands of a man of Mr. Hoover's type, does after all, notwithstanding its actual and supposed limitations, lend itself to getting things done.

As for Congress, an immense amount of the criticism heaped upon that really sturdy branch of our government is flippant, uninformed, or otherwise mistaken and unfair. Heaven knows that it has shortcomings enough. But not all its waste of time, its misdirection of effort, and its playing of politics prevent a great deal of earnest and intelligent work from being done on Capitol Hill. The session which closed in July was specially notable for the patriotic and cooperative spirit in which—notwithstanding national and State elections looming straight ahead—all political elements put their best efforts into the enact-

ment of remedial and constructive measures for national relief and recovery. No other Congress since the World War translated so many important bills into law. It was a hard job, to be sure, and the result was not perfect. But somehow the thing was done. One, indeed, is constrained to wonder what a dictator, or a national "board of directors," would do that is not already being done through the regularly constituted agencies that we possess.

The President may yet bring into play some of the emergency powers which, as pointed out above, he already possesses. But that would mean "dictatorship" in no genuine sense of the term. He might place both Democrats and Republicans in the Cabinet. But that would hardly be revolutionary. An economic super-Cabinet might be set up for the duration of the depression. But if it were it would be found to consist principally of men who already for months have been among the President's most intimate advisers. Certainly our form of government would suffer no shock from listing them publicly. Much the same would be true if the Council of National Defense were revived. In any event—even if a planning agency were provided for on a permanent basis—a super-Cabinet or council would exist only to plan and advise, with the President and Congress still charged with bringing things to pass, in so far as governmental action was called for at all. Serving as, to all intents and purposes, a general board of strategy for the business world, the council would discharge many of its functions through the avenue of direct influence upon business men and organizations, and its existence would not really affect the government greatly except as lines of desirable legislation and administrative policy were developed and recommended for adoption or rejection at Washington.

It would be in no sense an executive board, even for business, much less for government.

These are some of the things that might be done without touching the fundamentals of our political system. Without waiting for normal conditions to be restored, we also might, and should, see that the national administrative machinery is given its long overdue reorganization, lobbyist activities of pressure groups curtailed, a water-tight budget system installed in Washington, a new mode of tariff-making devised, genuine closure rules adopted in the Senate, Cabinet members admitted to the floor of Congress and a long list of other things done in the interest of more responsive and efficient government. Far from subverting our political order, however, such changes would merely be in line with its normal and orderly development. Few, if any, would so much as require a constitutional amendment.

The times are indeed difficult. But no grounds have yet appeared on which to pronounce our institutions a failure. The American democracy survives, and is sound at heart. Whatever may be true elsewhere, men and women here continue to believe in universal suffrage, elective legislatures, majority rule, limited powers, responsible officers. They see need for unity and decision when crisis comes, but they think them not unattainable under the system that we have, and in any event possible of attainment at not too great a price. They do not covet celerity and efficiency at the hand of a Mussolini or a Pilsudski. To demand a dictator, preach fascism, and pronounce our system of government a failure is to commit the double error of attributing to government a power of working magic in the economic world which it does not possess, whatever its form, and of rocking the boat at a juncture when what we chiefly need is intelligent and sympathetic cooperation under the political institutions that have so long served us.

Disarmament and Delusion

By J. F. C. FULLER

[The following article, which represents a strikingly individual standpoint on the disarmament problem and which should be read in conjunction with Mr. Gerould's contribution on the subject in "The Month's World History" section of this magazine, is written by a Major General in the British Army whose services in the South African War and the World War won for him decorations from his own and foreign governments. During the past decade General Fuller has written several books on various phases of warfare, including *The Reformation of War*, *The Foundations of the Science of War*, *On Future Warfare* and *The Generalship of Ulysses S. Grant*. His most recent work, *The Dragon's Teeth: A Study of War and Peace*, was published in England on the eve of the meeting of the Disarmament Conference.]

THE first stage of the Geneva Disarmament Conference ended on July 24, and it is now possible to examine in retrospect the activity of this assembly. What has it accomplished? This is what every lover of peace wants to know; if it has accomplished nothing of practical value, then not only is it a delusion and a snare but a pretentious menace to peace itself.

Before we examine this question we should consider certain elementary facts concerning the causes of war, because it must be obvious to all who think that if the causes of war are eliminated armaments must lose their value, and as they do so, disarmament will become automatic. The first fact realized by every student of war is that the fundamental cause of war is discontent with the existing order of things. The second is that the form discontent takes depends upon the nature of the civilization of the period under examination. When civilization is based on religion, as it was during the Middle Ages, discontent assumes a

religious form; if on economics, as today, then an economic form. In both cases the impulse behind discontent is the search after freedom—in the one case freedom of belief, in the other freedom of trade. Since the World War there can be no question that trade, which is primarily a problem of consumption and not of production—because the producer exists only for the consumer—has been restricted by tariffs, war debts and reparations; and there can be no doubt that this restriction has given rise to universal distress, and consequently to universal discontent. Today no nation feels politically secure, because it is economically insecure. The result is that insecurity, reacting on the instinct of national preservation, at once begets armaments.

There are, of course, other causes, strategical, ethnographical, and so forth, but in modern times the economic cause is the predominant one. It was at the root of the American Civil War; it was at the root of the World War, and it is at the root of the armament problem today. If this is so, it follows that unless this cause of war is eliminated armaments will continue, and that as long as they do continue, fear will percolate through the nations and like a damp fog will rot every paper compact they choose to make. As long as the world resembles a gold-rush mining camp each nation will carry a gun on its hip, not because it fears any nation in particular but is fearful of all. Fear is the outer expression of greed, and greed is at the bottom of the present evil.

Assuming that we are agreed on this, let us proceed to the Assembly Room, or Glass House, as it is ap-

propriately called, at Geneva. The date is Feb. 2, 1932, and the first speaker before the conference on disarmament is Arthur Henderson, President of the conference. What did he say? He talked of fear and suspicion and of colossal expense. "Here," he exclaimed, "are the chosen spokesmen of seventeen hundred million people," &c., &c., and not one word about the causes of war, the only question which really mattered. Why did he thus act? There are only two possible answers to this question—the first is that he was ignorant of them, and the second that for some reason or other he wished to ignore them.

Here a slight digression is necessary. I believe that all nations are normally dishonest, that all are self-seeking, and that no single nation in any one conference held since the World War has dared to put its cards upon the table. At Geneva there may have been some honest and wise men—curiously enough the most frank and by no means the least knowledgeable I met there was Karl Radek, the Russian Bolshevik—but the bulk of those attending fall into two quite different categories—the emotional crank and the political crook. The second always outmanoeuvres the first, more particularly his theories, and always to his own political advantage.

The crank living in the clouds pays little attention to the causes of anything; consequently, his feet seldom touch the ground of facts. For example, in the issue of Feb. 1, 1932, of a paper called *Disarmament* published by the "Disarmament Information Committee" (Geneva), we read: "Disarmament is not merely necessary; it has become possible because most of the reasons which were made against it before the war have today disappeared." Here was the joker in the crank's deck of cards dropped from the clouds the day before the conference assembled, and each of the political crooks who as yet did not hold it grabbed it and hid it in his sock.

The conference having opened, I will now ask the reader to listen to the proposals of the leading nations:

France: To establish an international police force under the League of Nations, which should organize its command; to place all batteries of long-range artillery at the disposal of the League and to internationalize civil aviation.

Great Britain: To abolish gas, chemical and submarine warfare and prohibit or limit such armaments as would weaken attack and so remove temptation for aggression.

The United States: To abolish submarines, gas and bacteriological warfare, to restrict tanks and heavy mobile guns and all arms of a peculiarly offensive character, and to protect civilian populations against aerial bombardment.

Italy: To abolish capital ships, submarines, aircraft-carriers, heavy artillery, tanks, bombing aircraft and chemical and bacteriological warfare.

Japan: To limit the use of submarines, reduce the size of battleships and the tonnage of aircraft-carriers; to abolish bombardment from the air and the use of gas and bacteriological warfare.

Russia: Failing total disarmament, to abolish tanks, heavy artillery, warships over 10,000 tons, aircraft-carriers, military airships, bombing airplanes and chemical, incendiary and bacteriological warfare.

Why were these various proposals made? The answer is obvious—for national interests and not for international advantage. Each nation quite openly put forward what it wanted. Thus, France wanted to keep Germany disarmed and was afraid of German civil aviation; Great Britain wanted to return to her insular security of 1914 which was destroyed by the submarine; the United States wanted to avoid maintaining a large modern army during peace time and to weaken Japan; Italy wanted to weaken France

and restrict military mechanization because of her lack of coal and oil; Japan wanted to protect herself against the United States, and, lastly, Russia wanted to weaken all capitalist nations.

All these various wants may be catalogued under three main headings—a League army, qualitative disarmament and total disarmament. The first was never discussed; it was dropped like a hot coal; in fact it was put forward by France only because in the circumstances it was known to be an impossible proposal; the third was turned down by the conference, and the second, like a banana, was thrown into the monkey house of the smaller nations, forthwith to be trampled into an unrecognizable pulp. For example, what does the Dominican Republic suggest? "Considering that the League of Nations desires to spread among the childhood and youth of the countries of the world ideals of peace, fraternity and international cooperation, * * * the delegation of the Dominican Republic to the Disarmament Conference has the honor to propose that the conference should agree to recommend to all the countries here represented that they should agree to prohibit the manufacture of warlike toys"—tin soldiers!

Why was qualitative disarmament thrust into the monkey house? The answer is, because it was the most popular idea of the school of cranks led by Viscount Cecil of Chelwood. This one-eyed fanatic of peace, who a short time ago did his utmost to precipitate a conflict between the League of Nations and Japan, put forward his views on the disarmament problem at a gathering held at the Mansion House, London, on Jan. 14, 1932. They were based on the idea of enhancing defense and so weakening attack. What he wanted was the abolition of all weapons invented in recent years and a return to the military *status quo ante bellum*. Sir John Simon, the British delegate, placed this card on

the table rather cautiously. He started off by saying that "armaments are the symptoms of a pathological condition," and then, apparently realizing that to follow up this argument would lead him on to that dangerous ground, the causes of war, he changed the subject and proposed "the outlawry by international agreement of certain weapons and methods of warfare." He said: "It seems to me that we are most likely to find these weapons and methods among the most recent developments. This is not only because it is the most recent lapses in habit which are the least difficult to eradicate, but because these new methods of warfare—the use of gas and submarines and of bombing from the air—all have this common feature, they tend to obliterate the boundary as drawn by Hugo Grotius * * * that as far as possible a distinction should be effectively drawn between combatant and non-combatant."

To the man in the street this may sound logical enough, but to any one who has studied the subject it is the veriest claptrap. First, the world has changed vastly since the days of the noted author of *De Jure Belli et Pacis*—written in 1625! Then the civil population took no part in war; now they play an essential part, because not only does war depend on the popular will, but directly war is declared the whole of each belligerent country is turned into an arsenal. In France, in 1917, 3,000,000 men were enrolled as soldiers and 1,700,000 men and women as munition workers. If in everyday life a civilian and a soldier enter into a compact to murder some one, and the civilian makes a knife and the soldier cuts the victim's throat, both will be tried for murder and, if found guilty, will be hanged. Secondly, as regards "recent lapses in habits," weapons do not change because soldiers want to change them; they change because civilization changes and they are compelled to change them. Thus, in the 1830s. the

British Admiralty considered that steam power was a bad habit, so the utmost was done to prevent the construction of steamships, and we know the result. The truth is that you must either march with civilization or against her.

Now, while these futile proposals were thrust into the monkey house in order to give the smaller nations something to chatter about and so gain time for the greater ones to manoeuvre, outside the Glass House a political change of the first importance took place. By abandoning her free trade policy Great Britain annulled at one blow any hope of Germany's ever being able to pay reparations. France, realizing this, saw clearly that it was better to compromise on this question than to reduce Europe to a state of complete chaos; yet she was uncertain what to do.

Then, on June 22, came President Hoover's bombshell. He proposed that the armies and navies of the world should be cut down by one-third and that chemical warfare, all tanks, large mobile guns and bombing airplanes should be demolished. What was he aiming at? Nobody could be quite certain, but European statesmen are not slow in political analysis. They knew that this declaration was primarily an electioneering stunt; they knew that the American people had long been fed on the idea that if European nations could afford to spend thousands of millions of dollars on armaments they could afford to pay their American war debts; they saw in this proposal a possible bargain of—you forego your armaments and we forego your debts; but they did not dare say so, because the Presidential election does not take place until November. Then came the Lausanne Conference and something had to be done to meet the changed situation.

What exactly had been taking place behind the scenes, not in the Glass

House but in the studies and the drawing rooms of statesmen? Since February three contradictory diplomatic manoeuvres had been in progress. The first was the French move to stabilize the treaty settlements; the second, Germany's aim to readjust the balance of forces so as to upset these settlements; the third, the attempt of the United States, in order to weaken Japan, to use the financial condition of Europe as a lever toward disarmament.

The stumbling block at Lausanne was not Germany but the United States. France, never prone to give something for nothing, but knowing that she would have to abandon reparations, was determined to obtain a *quid pro quo*. Great Britain, anxious about the American debts now that reparations were out of the question, was drawn more and more toward France, the result being the so-called Gentleman's Agreement, which simultaneously revived and changed the object of the Entente Cordiale. The old object was openly anti-German, the new occultly anti-American; not that France and Great Britain are hostile to the United States, but that they feel that if they stand together they will be in a stronger position to face the debt question than if they stand apart.

While this important debt alliance was being cemented at Lausanne, the Disarmament Conference at Geneva entered the last lap of its first stage, and on July 20 a gelatinous resolution based on President Hoover's proposals and the qualitative theory was adopted by forty-one votes against two, the two dissentients being Germany and the Soviet Union.

Thus, after six months' talking, round and round the point, what do we see? Not disarmament nearer a solution, in spite of the fact that reparations have been abolished, but a regrouping of the powers. There is now the French-British bloc, which faces the United States, and a possi-

ble German-Russian bloc, which will face France and Great Britain. In the offing is Japan, who is most unlikely to agree to a one-third naval cut, and so may be attracted toward France and Great Britain; and Italy, though still suspicious of the gentleman's agreement, is likely to veer in the same direction. The regrouping does not necessarily point toward war, but it most certainly does not point toward disarmament. In this month of July, in which I write, discontent is as deep-rooted as it was in February last, and worse still the causes of war, which are the causes of armaments, have been covered up and obscured by loads of crank rubble and crook garbage. Instead of pulling the rotten war-tooth out, the disarmament conference thus far has soothed the popular nerve with platitudinous hot air and, like a bad dentist, has filled in the cavity, decay and all. The result can only be a violent abscess. What should be done? May I, with all modesty, offer a suggestion?

Reparations have gone; this is one step forward, but its benefits have been somewhat discounted by Germany's glance toward Russia and Italy's glance away from France. Debts must go and tariff walls must be lowered, because both are daily accentuating discontent. These things, however, need not be discussed, because the international situation may once again have changed before this article is published. Instead, let me answer the question, What has the Disarmament Conference accomplished? and then suggest a road that has not yet been trodden.

The Disarmament Conference has failed ignominiously in its object, mainly because its leadership has been beneath contempt. For some ten years now, pact after pact has been signed, and each in its turn has been wrecked on the rocks of a definition—in war who is the aggressor? Nobody knows, and in actual fact nobody can know,

because it takes two to make a quarrel, and throughout history attack has always been looked upon as the strongest form of defense. In the American Civil War who was the aggressor? In the Franco-Prussian war who was the aggressor? In the Russo-Japanese war who was the aggressor? So one might go on with practically every war, and with all the facts placed before them, it would be surprising if a jury of twelve impartial men were to arrive at a unanimous decision.

With this object lesson before it what did the Disarmament Conference do? It dragged the whole problem of armaments into the argument about aggression and attempted in vain to divide weapons into two categories—the offensive, or aggressive, and the defensive, or protective. This division being irrational, the conference discovered that this could not be done, and so looked around for another formula, attempting to divide weapons into more aggressive and less aggressive. What the conference really meant was modern and obsolescent; in other words, weapons of our post-war civilization and weapons of our pre-war civilization. It did not see that if the first were prohibited the second would become as aggressive as they were before the war. It did not see that even if the first could be prohibited by international agreement, this prohibition could not possibly prevent nations continuing to think in terms of them, and that, as long as they did so, this thinking would give rise to international suspicion, to an intangible in place of a tangible fear. What then should have been done?

The conference should have begun at the other end of the problem. It should have said: Until the causes of war are eliminated, which will take a long time, it is useless attempting to stop nations preparing for war, because even if they are almost disarmed they will fight if they want to fight, and fight most aggressively—look at

the American Civil War. It is mere waste of breath to attempt to define the aggressor, but it takes next to no breath at all to define who is the victor in a war and who is the vanquished. In 1865 the Confederates were beaten; in 1871 the French were beaten; in 1905 the Russians were beaten. Here then is an actual and historical fact to work upon. In place of outlawing war, in place of outlawing the indefinable aggressor and the indefinable aggressive weapon, the members of the Disarmament Conference should decide to outlaw the victor; in other words to make it internationally illegal for any victorious nation to gain any advantage out of a war. Should the victor occupy territories, he can no longer legally hold them, and should he demand reparations, they can no longer be legally paid. Further still, should any neutral nation desire to assist any one or all of the belligerents, legally it can do so only by direct subsidies, that is, by gifts; consequently all loans, credits and debts advanced or incurred are illegal and can be gathered only by illegal means.

It is not suggested that such a decision would end war but that it would tell heavily against aggression, because there always is an aggressor, but not possessing the wisdom of God we can seldom if ever discover him. Since the means whereby wars may be eliminated will still for a long time run in evil channels—until humanity is wiser and more honest than it is today—the problem of disarmament should be recognized as really that of choosing the lesser of two evils or more. Between February and July a Gordian knot of nonsense has been tangled up at Geneva; therefore, finally, I suggest that when the conference reassembles in order to continue its conquest of the world of war it should cut this knot by outlawing the results of war instead of its means. Had Alexander the Great remained in Phrygia picking at the knot of cornel bark tangled about old Gordius's chariot he would never have conquered the world of his day. The moral of this story is one which even a conference representing 1,700,000,000 souls might well consider. May it do so in the next round!

Germany Elects a New Reichstag

By SIDNEY B. FAY

Author of "The Origins of the World War"

THE Reichstag election of July 31 was one of the most important political events in Germany since the establishment of the republic. It resulted in creating by far the largest single party delegation—the National Socialists with 230 seats—which has sat in the Reichstag since its creation by Bismarck in 1867. It wiped out not only many of the smaller parties, but also the remnants of the once powerful party (the National Liberals, or People's party) which had been the main Parliamentary prop of Bismarck and Buelow and which had been temporarily revived by Stresemann. The election was something of an encouragement for the recently dismissed ex-Chancellor Bruening, since his Roman Catholic Centrists gained 10 seats, rising from 87 to 97. And a small shift in seats between the proletarian parties took place, the Communists gaining 13 seats, with 89 in place of 76, and the Social Democrats losing 10, with 133 instead of 143.

German national elections differ from those in the United States in several interesting respects. Instead of taking place on a fixed weekday in November they are held within sixty days of the expiration or dissolution of the last Reichstag, and are always on Sunday, which makes it possible for the workingman to cast his ballot without losing time at the factory. The Germans seem to take an even greater interest in their elections than we do. At any rate, a higher percentage of the electorate turns out to vote. In the first Presidential balloting last Spring, when Hitler and von Hindenburg were the two chief candidates, 86.2 per cent of

the electors went to the polls, the largest quota ever reached. In the Reichstag election of 1930 81.3 per cent voted. In the recent Reichstag election, out of a possible total of about 43,700,000 voters, 36,800,000 cast their ballots, or about 84 per cent.

The most striking difference, however, is that while in the United States we have only two major parties and three or four minor ones, Germany has had half a dozen major parties and more than a score of minor ones. This is partly due to the varying economic and political interests of the different social classes and to the widely varying historical character of the different territories which were welded by Bismarck into a single State. It is also partly due to the German love of philosophy and pet theories. The German voter is likely to be intensely devoted to a single political idea or group of ideas, which must be represented by a separate party. He (or she) is unwilling to make political compromises to form a broad political platform, as do the Anglo-Saxons. It is proverbial that when three Germans are gathered together they represent four different political opinions. German party platforms are therefore more narrow, concrete and sharply defined than with us. Each party has its own very definite party newspapers to propagate its views. Party organization is tighter than in the United States and the control of the party over its representatives in the Legislature is stricter. If a Reichstag Deputy, for instance, disregards his party caucus and bolts the party in a Reichstag vote he may be expelled from the

party and be virtually forced to resign his seat, his successor being appointed by the party organization. People vote for party principles rather than for individual candidates.

The size of the Reichstag is not, like that of our House of Representatives, fixed by law, but varies with every election according to the number of votes cast. Under the peculiar German electoral system, a party in order to obtain any representation in the Reichstag, no matter how many votes may be cast in its favor, must poll at least 60,000 votes in some one of the thirty-five electoral districts. That gives it a "mandate." When it has attained a mandate all the votes cast for it in all the districts are metaphorically thrown into one common pot, and it receives one seat for every 60,000 cast in its favor. All the votes left over beyond these multiples of 60,000 are wasted. The Deputies who are to fill the party seats are chosen after the election by the committee of the party from among its candidates. To insure having enough to choose from, the party nominates a list far in excess of the number of seats it hopes to win. Thus in the Reichstag there is no member representing Potsdam or Dresden or Heidelberg, as in the United States there is a member of Congress representing each Congressional district. There are only members of parties, and they represent principles rather than places.

The effect of this system in the recent election, according to figures available at the moment of writing, has been to produce a Reichstag of 607 members in place of the 577 elected in 1930. It has also had the effect of extinguishing at least half a dozen small parties that between them had fifty seats in the old Reichstag, indicating that they polled at least 3,000,000 votes in 1930. They have disappeared not because they have failed individually to poll a considerable vote, but because they have not suc-

ceeded in assembling a total of 60,000 in some one single electoral district, and have therefore failed to obtain a mandate. This result has on the whole been beneficial, for the curse of German politics has been its almost innumerable parties. But the benefit will accrue to the Right rather than to the Left. In cases of extinguished parties of Left tendencies the votes cast for them are lost, but those of Right complexion gave notice before the election, as permitted under German law, that if they failed to obtain mandates themselves the votes cast for them were to be credited to Dr. Hugenberg's Nationalists. The Nationalists thus benefited by some 500,000 votes and did not lose as many seats as would otherwise have been the case.

The last days of June and the early part of July were marked by a shocking number of fatal political riots, chiefly between the Hitlerites and the Communists. On one Sunday alone, July 17, seventeen persons were slain and some two hundred seriously wounded. During the three weeks following the removal of the ban on the Nazi brown shirt uniforms on June 29 (see August CURRENT HISTORY, pages 603-605) it was estimated that Germany's death toll in political affrays had been more than 100, including policemen and bystanders, with about 1,125 injured. As usual, the Nazis (Hitler's National Socialists) claimed that the Communists and Social Democrats, "Moscow's gunmen" and "godless internationalists," were the aggressors. The two Left parties replied that the anti-constitutional National Socialists, with their provocative military demonstrations and their Jew-baiting, were responsible. The truth is hard to establish; probably in a majority of the clashes the provocation lay with the Nazis. In one of the most serious cases, for example, at Altona on July 17, the Nazi troops insisted on marching in formation with their brown shirts through the working-

class districts in a way that was bound to incense the radical workers, who regard the Fascists as the deadly enemies of the labor movement. The Nazi parade was fired at by Communists from windows and housetops. A riot developed. Barricades were thrown up in spite of the police. Eventually five persons were picked up dead in the streets and seven died in hospitals from their wounds.

The situation became so serious that the Social Democrats appealed to President von Hindenburg to put an end to the Fascist civil war and to reimpose the ban on the brown shirt demonstrations. This was done by Chancellor von Papen in a Cabinet order on July 18. At the same time the Hitlerites complained to the government that the police in Prussia, where most of the fatal clashes had occurred, were unable or unwilling to keep order and give protection to peaceable citizens. Accordingly, on July 20 President von Hindenburg issued a decree under the emergency clause of the Constitution appointing Chancellor von Papen Federal Commissioner for Prussia, with full authority to depose its acting officials. A Federal Dictator thus ousted the

decreed a state of emergency under military rule for Berlin and the province of Brandenburg, placing both areas and their police forces under the jurisdiction of the Reichswehr, or Federal Defense Army. Severe penalties were imposed for all incitements to disorder. The duty of administering these executive decrees was eventually turned over to Dr. Franz Bracht, formerly Mayor of Essen. By these vigorous measures the Federal Government maintained tolerably good order until the election on July 31. The election itself, however, did not pass off without serious conflicts. Most of them were quickly checked by the police, who controlled the situation everywhere. But ten persons were killed in three-cornered fights among the Nazis, the Communists and the police in various parts of the country.

The result of the election for the larger parties, comparing the popular vote and the seats won in 1932 and 1930, may be seen from the following figures. The parties are arranged in the order in which they sit in the Reichstag, beginning with the extreme Right and ending with the extreme Left:

Party.	1932 Vote.	Change From 1930.	Reichstag Seats. 1930.	1932.	P. C. 1932.
National Socialist.....	13,732,779	+7,352,314	107	230	37.1
Nationalist	2,172,941	— 284,631	41	37	5.9
*Small parties.....	1,561,888	—3,637,241	102	17	4.6
†Centrist	5,776,954	+ 591,238	87	97	15.6
State (or Democratic).....	371,378	— 950,650	20	4	1.0
Social Democratic.....	7,951,245	— 624,454	143	133	21.5
Communist	5,278,094	+ 687,641	76	89	14.3
Totals	36,845,279	+1,887,473	577	607	100.0

*Includes the German People's party, Agrarian People's party, Christian Socialist party, Wuerttemberg Peasants' party, German Peasants' party, Economic party and some other small groups.

†Includes the Bavarian People's party, which regularly votes with Bruening's Roman Catholic Centre party, though having a separate organization and somewhat more conservative tendencies.

Prussian Premier, Otto Braun, and the Prussian Minister of Interior in charge of the police, Dr. Karl Severing, both Social Democrats. They protested, but in vain. In a supplementary order President von Hindenburg

Though the election had a very marked effect upon the size and fate of several of the parties, it unfortunately did not clarify definitely the confused political situation. No party, nor any combination of parties which

were willing to cooperate, was able to secure a working majority in the Reichstag from which a Cabinet could be formed to replace that of von Papen, who would have no assured parliamentary support. Von Papen himself belonged formerly to the Right Wing of the Centrists. But he was excluded from the party when members of the present Cabinet helped to bring about the dismissal of Bruening, the Centrist leader. Von Papen therefore could only look forward to stormy prospects when the Reichstag should meet. There were rumors, probably without serious foundation, that he would postpone the meeting beyond the thirty days after election which is the constitutional maximum period within which the new Reichstag must be called together. There were other rumors that he would allow it to meet, but that if it voted no confidence in him or refused to approve his measures he would adjourn it through President von Hindenburg's emergency powers, as Bruening had done.

The National Socialists made the most substantial gains. They nearly doubled their popular vote and more than doubled their Reichstag representation, receiving 230 seats, or 37.1 per cent of the total. But this, of course, did not give them a majority. Even in combination with the Nationalists, they could gather only 43 per cent of the votes in the Reichstag and could not claim a majority. In a sense, therefore, the election was a check to the aspirations of the Hitlerites, as they failed to make good their proud boast that they would be able to take over the government at once after the election.

No other parties were willing to form a combination which would assure them a majority. The Centrists, who have frequently enjoyed the balance of power in the Reichstag, joining with parties to the Right or the Left, refused to enter a Cabinet with the National Socialists. The so-called

Weimar parties, consisting mainly of the Social Democrats, the Centrists and the Democrats (or State party), who made the present Weimar Constitution and who have been in control much of the time since 1919, were also unable to form a majority combination in view of the gains made by the National Socialists.

In these circumstances there was a choice of four methods that might be adopted to secure a Cabinet with a working majority. All four were vigorously discussed in the days following the election.

The first was that the von Papen Cabinet should stay in office as a kind of "Presidential Cabinet" consisting of strong and efficient administrators who were known to have the support of President von Hindenburg. The old idea of trying to select a Cabinet from the various parliamentary groups, thus supposedly binding each group to support its joint measures, would be discarded. Nevertheless, the old constitutional forms would be maintained. Whenever the government needed parliamentary authority for its act, it would go before the Reichstag and hope to obtain it by consulting in advance with the leaders of the major parties and by standing on its record of giving the country a peaceful, economical and efficient administration. It would justify itself by the evidence it was giving of the way it was relieving the country from economic depression and from some of the humiliating conditions imposed on it by the Treaty of Versailles. It was no doubt with this partly in view that General von Schleicher made his now famous radio speech demanding "equality" for Germany in the matter of armaments, referred to later. In short, the Cabinet would regard its function primarily as an administrative one, representing the President rather than the Legislature, somewhat as in the American system of government. It would have no distinct Reichstag majority on which to de-

pend. It would meet its problems as they arose by metaphorically crossing each bridge as it came to it, relying on the patriotism and good sense of the party legislators to approve what it found to be necessary for the well-being of the German people. This was the procedure which at first seemed likely to find favor. It meant a strong shift in the conservative direction—"Back to Bismarck," as some of the newspapers expressed it—but it did not mean a dictatorship.

A second procedure was that the von Papen Cabinet should resign and hand over the Chancellorship to Hitler, who would form a Cabinet of National Socialists and Nationalists. This was demanded by many of Hitler's followers. It was advocated by the Centrist newspapers and by others opposed to the National Socialists, for they felt that if Hitler assumed power he would not be able to keep it for long. With the actual responsibility of government in his hands he would necessarily have to moderate his attitude. He would be unable to fulfill the lavish promises which he has made to his followers, who would consequently be disillusioned and begin to fall away from him. In short, the quickest way to weaken him would be to force him to reveal the emptiness of his promises and to acknowledge himself a failure to those whom he has led to expect that he would bring in the millennium of the "Third Reich." But Hitler himself appears to have been somewhat wary of falling into this dangerous position. And it is understood that President von Hindenburg was opposed to this plan.

A third suggestion was that von Papen should keep the Chancellorship himself, but make room in the Cabinet for some Centrist and National Socialist party leaders to assure a majority in the Reichstag. But this suggestion appears to have been abandoned, because Bruening would not share responsibility with the Nazis, and because Hitler is said to have

demanding the Chancellorship for himself and more Cabinet portfolios for his followers than von Papen and von Hindenburg deemed prudent.

The fourth solution put forward was that Hitler should be allowed to have the Chancellorship and bring three or four of his followers into the Cabinet with him, but that he should not be entrusted with the complete and unrestricted power. Several members of the existing Cabinet would remain in office as a check upon him. Von Papen might remain, perhaps as Vice Chancellor. General von Schleicher, remaining as Minister of Defense in charge of the army, would be a guarantee that constitutional forms and domestic peace would be preserved, as President von Hindenburg so much desires. It would be something of a "Presidential Cabinet," like that suggested above, except that it would have more of a National Socialist complexion than the von Papen Cabinet. General von Schleicher and President von Hindenburg would see to it that no revolutionary schemes dangerous to the republic were attempted. But at the same time Hitler would have the opportunity of trying to put into practice the program that has made such an appeal to so many millions, especially to the youth of Germany. It would be a Cabinet which would adopt new methods instead of trying to muddle along by tinkering with old ones.

There is little doubt that whatever solution is reached in the present Cabinet crisis, the result will be a swing over from liberalism as it is understood in Western parliamentary democracies. This does not mean that there is any serious likelihood of the restoration of monarchy or the establishment of fascism. Hitler does not have in him the stuff of which a Stalin or a Mussolini is made, nor are the conditions in Germany like those in Russia or Italy.

The effects of the election on political parties also indicate a further step

in the swing away from liberalism which has been taking place in Germany in recent years. Of the three distinctly liberal parties two suffered definite losses, the Social Democrats falling from 143 to 133 and the State party from 20 to 4. The third liberal party—Stresemann's People's party—was wiped out completely. There is no need to fear that the Social Democratic party will ultimately suffer the same fate, for it is strongly supported by the well-organized and powerful workingmen's trade unions, but it is a source of weakness for the Social Democrats that their membership is more largely made up of old and middle-aged members than is the case with the other parties. They have not succeeded in recruiting their share of the youth of Germany. The younger men and women who have suffered from the effects of the war and the Versailles treaty, for which they were not responsible, have followed in increasing numbers the call of Hitler for a new deal.

The anti-liberal parties, on the other hand, have increased in strength. Modern liberalism means democratic government through the medium of party organization, popular elections, public discussion and parliamentary representation. The two chief anti-liberal parties are the National Socialists and the Communists. Though they hate each other bitterly, both have had as their avowed fundamental objectives the abolition of parliamentary system and its replacement by a government fashioned more or less after that of the Italian Fascists or that of the Bolsheviks. To be sure, both parties temporarily adopted parliamentary tactics and have taken part in German elections as a means of increasing their power. But will they succeed in accomplishing their ultimate program of establishing some sort of a dictatorship? It seems hardly likely. They are too much opposed to one another in their ideals and social

make-up and have assassinated too many of each other's members ever to be willing to join hands against the present republic. Either, acting alone, would hardly be able to overthrow it. The Communists, though allied theoretically with Moscow, have never received any effective aid from the Bolsheviks. Russia is too intent upon the Five-Year Plan to jeopardize it by becoming involved in a German revolution and a possible European war. Stalin, in fact, has so cast off the German Communists that they have become more of a local and national German party than a branch of an international organization. Moreover, the German Communists are weakened by internal conflicts and by a total lack of able leaders.

Hitler's National Socialists are of course far stronger and not at all dependent on foreign aid. They enjoy the support of the great mass of the German youth and of a considerable part of the ruined middle classes. But their leader is generally recognized as more of a demagogue than a statesman, as a man who has been extraordinarily successful in attracting votes by his vague promises, but who is probably lacking in ability to give reality to his promises. Moreover, as he has gained in power, he has become steadily more moderate in his program. And, finally, he must reckon with the sturdy and still popular figure of President von Hindenburg and with the underlying German traits of patience and common sense. So the swing away from liberalism is not likely to lead to reactionary or radical revolution but to a more conservative evolution, in which respect for authority and order, efficiency and a strong sense of duty—old Prussian characteristics—will be paramount.

During the election campaign the German demand for "equal rights" in the matter of armaments was not forgotten. In fact, the conference at Geneva gave it considerable impetus, for at last, after thirteen years, there

seemed to have come the long-desired opportunity to achieve something definite toward ending the humiliating disparity between Germany's limited armaments and the enormously larger and unrestricted forces of her neighbors. This might have been done in either of two ways.

The first was for the conference to agree upon a substantial reduction in all armaments except those of the defeated powers, which are already rigidly limited by the peace treaties. This would have accorded with the professed aims of the great majority of the delegates and been in line with what the Germans feel was virtually promised to them in 1919 by two clauses in the Treaty of Versailles itself.

Yet for thirteen years, apart from some agreements for the limitation of naval forces and except for the endless deliberations of commissions, the Germans found that practically nothing had been accomplished by the victorious powers toward the fulfillment of the implied promise to initiate a general limitation of armaments. Hence Germany's interest in the disarmament conference. She sent a large delegation and energetically supported all proposals which looked toward a substantial reduction of the armies, navies and air forces surrounding her. She welcomed especially President Hoover's plan for a sweeping cut of roughly a third in existing armaments as well as the British proposals for a limitation based on the principle of abolishing weapons supposed to be primarily "offensive" rather than "defensive"—precisely the weapons forbidden to Germany, among other limitations, by the Treaty of Versailles. But after nearly six months of interminable discussions, of the examination of the most varied proposals and of conflicting reports of technical experts, the conference adjourned without agreeing on any such substantial

reduction as Germany had hoped for.

Seeing that this was to be the case, Germany refused to vote for the resolution embodying such general principles as the conference had adopted. Instead, she resorted to the second way of obtaining "equal rights"—by virtually demanding a removal of the arbitrary restrictions imposed by the Versailles Treaty. Unless Germany were given "equality with regard to national security and the application of all the provisions of the treaty," Count Nadolny solemnly informed the conference on July 22, Germany could not consent to take part in its sessions when it reassembles next January.

It was just three days before the Reichstag election that Germany's views on the subject were further emphasized in a shrewdly worded radio address by Lieut. Gen. Kurt von Schleicher in Berlin. As he is Minister of Defense and is generally regarded as the most powerful personality in the Cabinet, his address was widely and enthusiastically commented upon by the German press and is reported to have led to a diplomatic protest from the French Government. General von Schleicher did not mention the naval or air forces, but confined himself to the question of land forces. He spoke of the limitations on the size and nature of the German army in contrast to the large French army and the powerful string of fortresses which France was building along the border. He did not intimate that Germany wanted for a moment to increase her army to be equal in size to that of France. However, if she failed to achieve equality through disarmament by others, she would "reconstruct her defensive forces, so organizing them as to secure her certainty of security." [Other matters that claimed attention in Germany concurrently with the election are dealt with on pages 738-740 of this magazine.]

The Rise and Fall of Prohibition

By LOUIS M. HACKER

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THE adoption of prohibition repeal planks by the Republican and Democratic conventions opens the penultimate chapter of what future chroniclers of American manners will undoubtedly concede to be one of the most surprising series of events in American annals. From that day in the Winter of 1913, when the Anti-Saloon League decided to bend all its energies toward the establishment of nation-wide prohibition, until the Summer of 1932, when both major political parties openly confessed that prohibition had been a failure, the whole question was never for a single instant debated on its own merits.

What chances for success would the Federal Government have in entering on a gigantic endeavor to regulate the personal habits of a heterogeneous, wide-flung population, living under varying economic and social conditions and still guided, in many regions, by Old World traditions? Was the consumption of alcohol actually an uncivilized practice which never could be disciplined? Was it impossible to convert the saloon into a decent social meeting place where, under proper restraints, conviviality could be encouraged without real economic and physical harm to its frequenters? These questions were never canvassed properly during the period of the agitation for and the trial of nation-wide prohibition. Instead, its friends and foes alike permitted themselves to be guided by considerations alien to the whole debate. Prohibition was permitted to stand—and fall—on the

strange circumstances we are about to detail.

Despite the fact that bone-dry prohibition existed in but a handful of States, and its benefits had not been indubitably established, the organized dry forces began in 1913 to press for the outlawing of the liquor traffic everywhere on the ground that the virtues of prohibition could never be conserved so long as wet areas existed to contaminate the dry. When the Eighteenth Amendment was sent to the State Legislatures in December, 1917, for their acceptance or rejection, ratification was demanded on the ground of wartime necessity—the release of cereals, labor and capital from the brewing and distilling industries would help America win the war.

During the 1920s, although the enforcement machinery was never able to function and the American public almost generally showed a studied contempt for the law by making, buying and consuming alcoholic beverages in large quantities, and although there sprang up a new commercialized liquor traffic that was even more corrupting in its influences than the old, the experiment was permitted to continue on the ground that it was in some way linked with the prosperity of that golden decade. Prohibition, most leaders of American public and business life felt, was by and large a good thing. By keeping the American workingman sober it helped to increase his productivity in factory and mill; by closing the saloon, it stopped the chief drain upon his purchasing power and permitted the accumulation of surpluses for the acquisition of all those articles the new machines were turning out in such profusion—house-

hold electrical appliances, automobiles, radios. The ending of one form of leisure-time activity, that is to say group drinking, allowed for the development of a host of others that were at the same time economically desirable—the patronage of moving-picture theatres, automobile travel, the playing of auction bridge and other home games.

But after the onset of the depression of 1930 these same leaders changed their minds, again prompted by considerations foreign to the question of prohibition itself. The restoration of the liquor industry might start a revival of business by opening new channels for capital investment and by absorbing a part of the large agricultural surpluses of the country. Certainly it would permit the development of new sources of revenue for hard-pressed national and State governments. These, in large part at any rate, were the motives that led to the demand for nation-wide prohibition in the United States, its adoption and then the steps taken toward its abandonment. The working out of the experiment itself was no less curious in many of its more important aspects.

Rash wets occasionally have been moved to make the charge that prohibition was imposed on an unsuspecting nation by a highly geared propaganda machinery, but the truth is considerably less sensational. Indeed, almost from its very origins, the American nation has experimented with one form or another of liquor control, either in the interest of taxation, the development of habits of temperance or the outright outlawing of the commercial liquor traffic. On State statute books there have been high license and local option laws, measures fixing rigorous closing hours for saloons and the barring of the sale of alcoholic beverages to certain types of persons, the establishment of a State dispensary system (in South Carolina) and even bone-dry State prohibition.

Beginning in 1846, American Commonwealths experimented with State-wide prohibition, and while enthusiasm soon spent itself and codes were either nullified or repealed, the following eight decades always saw at least one State in which the manufacture, transportation or sale of distilled or fermented liquor was banned. In the ten years following 1846, thirteen States adopted prohibition; a second wave of reform swept over Western States in the decade of the 1880s; with the triumph of the white masses in the South, in the first years of the twentieth century, another group of States was added to the roll.

By 1913, when the Anti-Saloon League decided that the fight had to be waged on both national and State fronts, there were nine States which had banished the saloon and prohibited the liquor business. In thirty-one other States local option laws existed. Besides, the saloon had been abolished on military reservations and in the navy, while the transportation of liquor into dry areas had been forbidden by the Webb-Kenyon law. The Anti-Saloon League had plausible grounds for claiming that fully one-half of the American people and almost three-fourths of the continental area were enjoying the blessings of prohibitory laws.

The Anti-Saloon League, organized in 1893, drew its support almost entirely from evangelical Protestant churchgoers in the country sections and those urban congregants who had been brought up in rural America. It was firmly convinced that the liquor traffic and the saloon were the two chief corrupting forces in American life, and so it dedicated itself to an unending war in the cause of legalized abstinence. The league quickly learned the methods of organized business and politics. It established itself on a national basis, created a well-paid, permanent officialdom, built up a body of regular dues-paying members, went into the publishing business on a

gigantic scale and began the application of a constant pressure on all seekers after public office.

The singleness of purpose and the concentrated form of attack of the league merit the close study if not the admiration of all students of the democratic process. The saloon was the arch foe—it demoralized society, was at the root of poverty and disease, tainted public life, and it was not susceptible of reform. Again, public officials, whether friends or foes of the laboring and agrarian interests, whether imperialists or not, whether they approved or disapproved of the concentration of wealth and large corporate activity, were acceptable to the league solely in relation to their stand on the liquor question. If dry, behind them the league sought to mobilize its great group of adherents; if wet, they were to be driven out of public life. At the height of its career the Anti-Saloon League was sending its literature to more than 500,000 persons; it had, besides the national organization, branch societies in some thirty States; and the national body alone was spending more than \$2,000,000 annually.

After the inauguration of its new policy in 1913 the Anti-Saloon League waged the fight in the States and nation with even greater vigor. It met with an unprecedented success. Not only did it obtain a majority for a prohibition resolution in the House of Representatives in December, 1914, it also won victory after victory in State Legislatures, gaining five new States in 1914, and adding five in 1915, four in 1916 and three in the early months of 1917. On the eve of America's entry into the World War there were therefore twenty-six States living under the dry dispensation.

It would be a mistake to infer that the laws of these Commonwealths were uniform in their denial of the manufacture, transportation or sale of alcoholic beverages. As Charles Merz has so carefully pointed out,

only "thirteen of them—on the whole, the least populous thirteen, containing less than 15 per cent of the country's population—had adopted bone-dry laws. But the other thirteen, including such populous States as Michigan, Indiana, North Carolina and Virginia, permitted and made entirely legal, in one form or another, the acquisition and use of intoxicating liquor." To cite but one example, the law in Virginia provided that once in every thirty days "one quart of distilled spirits or three gallons of beer or one gallon of wine may be brought to any person not a student at a university, college or any other school, nor a minor, nor a female (not the head of a family) for his own use." To quote Mr. Merz again, "this was not bone-dry prohibition, but a moderate system of control." It must be apparent that prohibition had not yet swept the country; the road to final victory was still beset by probably insuperable obstacles.

The World War changed the situation miraculously. In the interests of a full war effort, Congress, in May, 1917, prohibited the sale of liquor to soldiers; in September of the same year the food control bill prohibited the manufacture and importation of distilled liquor for beverage purposes and permitted the President to reduce the alcoholic content of beer and wine and to limit, or prohibit, if need be, their manufacture. The agricultural act of November, 1918, prohibited the manufacture of beer and wine after May 1, 1919, and put a stop, for the duration of the demobilization process, to the sale of all liquor after June 30, 1919. Meanwhile, however, Congress had capitulated to the dry forces.

The patriotic arguments advanced by the Anti-Saloon League and its legislative friends were indeed impressive. The liquor industry represented an investment of more than \$1,000,000,000. Could not this great accumulation of capital be more usefully applied? The industry employed many

thousands of skilful and able-bodied workers. Were not their places properly in the ranks of those who, on the battlefield, in the factories and shipyards, were fighting the common enemy? Fully 100,000,000 bushels of grain and 150,000,000 gallons of molasses annually were entering into the manufacture of alcoholic beverages. How better win the war than by conserving these foods for our soldiers and those of the Allies? Finally, most of the brewers in the United States were of alien-enemy birth or descent. As one of the Anti-Saloon League periodicals expressed it, "German brewers in this country have rendered thousands of men inefficient and are thus crippling the Republic in its fight on Prussian militarism." In the light of such a plain emergency, it is scarcely surprising that neither house of Congress entered into more than a perfunctory debate when a resolution calling for the submission of a prohibition amendment was placed before it.

On Aug. 1, 1917, the Senate adopted the resolution incorporating the Eighteenth Amendment by a vote of 65 to 20; on Dec. 17, 1917, the House followed, its vote being 282 to 128. On Jan. 8, 1918, a bare three weeks after the Congressional action, the Mississippi Legislature ratified the amendment. In less than fourteen months the requisite thirty-six States had fallen into line and prohibition was not only the law of the land but was firmly fixed in the Constitution. In time, ten other States were to ratify, leaving but Connecticut and Rhode Island outside the goodly company. So well had the war-time pressure and the Anti-Saloon League done their work that more than 80 per cent of all the members of the forty-six State Legislatures had voted for the amendment; in Kansas, Utah, Wyoming, South Dakota, Idaho and Washington the vote had been unanimous in both houses; only in New York, Pennsylvania and Illinois had there been opposition of

a serious nature. On Jan. 16, 1920, the Secretary of State proclaimed the Eighteenth Amendment as being in effect.

Sections 1 and 2 of the prohibition amendment read:

1. After one year from the ratification of this article, the manufacture, sale or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territories subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

2. The Congress and the several States shall have concurrent power to enforce this article by appropriate legislation.

In line with these injunctions, Congress enacted, over President Wilson's veto, on Oct. 28, 1919, the national prohibition act—known as the Volstead act, after its sponsor in the House. The terms of this measure gave small comfort to the wets. It defined as an intoxicating liquor all beverages containing more than one-half of 1 per cent alcohol, placed under severe regulation the manufacture and sale of alcohol for industrial, medicinal and sacramental purposes, provided for the denaturing of alcohol to prevent its conversion into drink, allowed the production of high-proof beer, but stipulated that its sale could take place only after it had been de-alcoholized, and ringed around with formidable licensing restrictions every conceivable phase of the remaining legitimate liquor industry. In the ensuing decade the statute was amended or added to on four different occasions; in one important particular it was strengthened to circumscribe the activities of physicians, druggists and shippers of alcohol, while in another the penalties for the criminal infringement of the law were made harsher.

The creation of an adequate enforcement machinery presented difficulties never before encountered by Federal officialdom. The first prohibition unit, with a commissioner as its head, was organized as part of the Bureau of Internal Revenue of the Treasury Department. In 1925, a di-

rector of prohibition was appointed to serve with the commissioner; and in 1927 the two offices were consolidated. Because the Customs Bureau and the Coast Guard also developed duties relating to enforcement, the three agencies were placed under the supervision of an Assistant Secretary of the Treasury. Workers in these offices labored with the gargantuan tasks of detecting and apprehending offenders, licensing and controlling manufacturers and vendors of alcohol, inspecting breweries and supervising the dispensing of liquor for medicinal and sacramental purposes. In addition, the prosecution of offenders fell to the United States attorneys and the Federal courts were called upon to furnish the needed tribunals. To make confusion worse confounded, the prohibition unit quickly became a football of politics with the result that its heads, its agents and even its policies were at the mercy of every idle political breeze that swept over Washington. Darkest error of all was the failure to place appointments to the service on a merit basis.

It has been contended that the chief reason why public acceptance of the amendment made a bad start was the low calibre of the enforcement personnel. There were certainly outward signs that this was true. The bribery and corruption of prohibition agents and the continual intercession on behalf of favored party workers by local political leaders were not only generally assumed to exist but were proved by the extraordinary turnover figures. Thus, from 1920 to June 30, 1930, there were 17,972 appointments to the service, 11,982 separations without prejudice and 1,604 dismissals for cause. But at no one time were there more than 4,300 employees in the unit and the enforcement group itself never consisted of more than 2,836 men. In 1927 a degree of order and efficiency was established when the so-called Prohibition Bureau was separated from the office of the Com-

missioner of Internal Revenue and the enforcement staff was brought under civil service regulations for the first time. Three years later Congress finally heeded the dictates of reason and transferred all prohibition activities proper from the Treasury Department to the Department of Justice. Apparently, however, public confidence had been completely destroyed or—what is more likely—it had never really existed. Certainly, observance of the law, following these changes, was no more apparent than before.

Whether the enforcement officers were honest or not, their methods of operation were not such as to gain the sympathy of intelligent persons. The failure of highly advertised drives in the large cities to achieve any appreciable results, the inability to apprehend or punish the powerful individuals behind the large bootlegging operations, the padlocking of premises as a form of punishment meted out often to innocent landlords, the spectacular prosecution of physicians and druggists for minor offenses, the vacating of the licenses of manufacturers of industrial alcohol, the trapping of witnesses, the use of poisonous denaturants which often resulted in sickness and sometimes in blindness and death, the inauguration of a system of "bargain days" in the courts whereby offenders were invited to enter pleas on the promise of light punishment—these were tactics not likely to inspire confidence.

But if the personnel of the Prohibition Bureau was inadequate and the Federal appropriation placed at its disposal pitifully small—it was not quite \$15,000,000 in 1930—it was also plain that Congress, though voting dry by impressive majorities, was quite wet as far as any interest in overhauling the enforcement law was concerned. It steadfastly refused to expand the size of the service to match the conditions presented; it would not place the manufacturers

of cereal beverages under proper surveillance; it would not permit the search of American ships on the high seas; it would not allow the confiscation of industrial alcohol not complying with the permits of their manufacture; it refused to grant authority to search private dwellings in an effort to ferret out illicit stills.

In short, the enforcement machinery has never been effective and Congress, during the whole period that the amendment has been in operation, has never adopted effective steps to make it so. Whether because of bureaucratic ineptitude, Congressional timidity or indifference, or the sheer impossibility of making the country dry, the fact remains that from 1920 to 1932 nobody has had the slightest difficulty in obtaining readily all the liquor that could be desired, and at comparatively reasonable prices.

From the beginning of enforcement it became apparent that the flow of liquor could not be checked. The first source of illicit drink was created by the diversion of industrial alcohol. To prevent such misuse the effort was made to control production by a system of basic permits, through limitation of the annual quantity, and by compelling the use of denaturants. But the situation was never in hand. Between 1916 and 1929 the legitimate manufacture of industrial alcohol increased threefold; a traffic in permits rapidly developed; and, as it was soon realized, there was no denaturant, no matter how skillfully devised, that could not be made to yield ultimately to a "renaturing" process.

Liquor imports, largely from Canada, constituted the second source of illicit supply in the early days of enforcement. Using high-power cars and trucks, specially devised motor boats and even airplanes, rum-runners were able to smuggle great quantities of liquor across the Northern border. Improved policing along the Canadian frontier was of no particular avail

because the liquor was then shipped to the islands of St. Pierre and Miquelon, the Bahamas, British Honduras, Mexico and the West Indies and in turn introduced into the United States by means of fleets of vessels anchoring off the Atlantic and Gulf of Mexico coasts. Smugglers found no great difficulty in shifting their bases of operations; "rum rows" were hard to break up; and new treaties with foreign powers permitting the right of search within one hour's steaming distance from the coastline did not materially affect the situation. It was not until 1930 that some improvement took place when the Canadian Government decided to prohibit the withdrawals of liquor for direct exportation to the United States. These two were minor though steady places of leakage; other less important sources contributing their share to make up the illicit trade were the unlawful production of wines, the diversion of medicinal and sacramental liquors and the home brewing of beer.

By 1926, however, there had developed two sets of agencies with which the enforcement machinery found it quite impossible to cope. These were the illicit still and the illicit brewery and from them flowed most of the alcoholic beverages being consumed in the country. The illicit still, in particular, with its ability to produce cheaply and simply—and with comparatively no risk to its operator—large quantities of good spirits turned out to be the Achilles heel of prohibition. In 1929, Federal agents seized six times as many stills as had been condemned in 1913; and yet production went on unceasingly. Writing in 1931, the Wickersham Commission was compelled to record: "With the perfection and discovery of new methods of distilling alcohol, the illicit distillery has become for the time being the chief source of supply. In consequence * * * a steady volume

of whisky, much of it of good quality, is put in circulation at cheap prices * * * The improved methods, the perfection of organization, the ease of production, the cheapness and easy accessibility of materials, the abundance of localities where such plants can be operated with a minimum risk of discovery, the ease with which they can be concealed and the huge profits involved, have enabled this business to become established to an extent which makes it very difficult to put to an end."

The chief factor in the development of illicit distilling was the appearance of new and cheap raw materials, notably corn sugar, but also cane and beet sugar, molasses, corn meal and other grains. For example, without any conceivable reason, as far as legitimate industrial needs were concerned, the production of corn sugar in the United States grew from 157,-276,442 pounds in 1919 to 896,121,-276 pounds in 1929.

The illicit production of beer, while a little more complex in its methods of operation, also increased by leaps and bounds. On this source of supply the Wickersham Commission reported: "Abuses in the production of cereal beverage grow chiefly out of the method whereby large quantities of beer are stored at all times, affording many opportunities for it to get into circulation without having been de-alcoholized. Employes, whether with or without the authority or connivance of the employer, have only to put a hose to a tank, fill cereal beverage kegs with real beer, and send it out as cereal beverage. The practice has been hard to detect and has at times been a prolific source of unlawful beer."

Other contributing agencies were so-called wildcat and alley breweries, the former making real beer without troubling to take out permits and the latter manufacturing the drink from "wort" or cooled boiled mash to which

the addition of yeast produced a very fair alcoholic beverage. The beer traffic was particularly hard to break up because, lending itself to large-scale organization, it was able to operate through the corruption and with the connivance of local officials and the police. Much of the gang warfare of the prohibition era developed around the industry. The control of points of distribution—roadhouses and speak-easies—and the hi-jacking of beer trucks belonging to rival producers were not incidents in a generally lawless situation but actually fundamental to the business. Beer could be made and sold only if the process had all the attributes of legitimate large-scale industry; hence the efforts of gangs to establish monopoly control.

So gaping were the sources of illicit supply that ten years after the inauguration of the experiment the Bureau of Prohibition was prepared to admit that the amount of liquor in circulation was fully 40 per cent as great as in the last pre-prohibition year. The figures were:

FISCAL YEAR ENDED JUNE 30

	1917	1930
Proof gallons of spirits	167,740,325	69,829,218
Gallons of malt liquor	1,885,071,304	684,176,800
Gallons of wine..	42,723,376	118,476,200

Why did enforcement break down? Certainly, the old commercial liquor traffic and the saloon were institutions for which little could be said in mitigation. Moreover, there were large numbers of civic-minded Americans who were willing to give the Eighteenth Amendment a fair trial simply because it was inscribed on the nation's statute book. But the blunderings of the enforcement officials, the open disregard of the law by the wealthy who either had well-filled cellars or were prepared to pay any price for choice wines and whiskies, and the refusal on the part of many persons all over the country to believe that the drinking of liquor was

a crime, these circumstances, coupled with the appearance of a new generation which looked on the carrying of pocket flasks and the frequenting of speakeasies as a lark in keeping with the temper of the post-war era, were too great to be overcome. Public opinion simply refused to take the law seriously; and by this absence of popular consent the prohibition law was nullified in fact.

Nullification came from another quarter, based on this same hostility or indifference on the part of the American public—from the States. In keeping with the mandate of the second section of the amendment almost all the States had proceeded to enact prohibition laws; indeed, in sixteen of them, the standard for an intoxicating liquor was even lower than the one-half of 1 per cent prescribed by the Volstead Act. Some even outlawed possession of alcoholic beverages. The States, however, went as far as the Federal Government and no further: they enacted laws and indulged in pious wishes, but refused to build up local enforcement machines or spend any money on the checking of the liquor traffic. The result was that in no one year did all the States combined spend as much as \$1,000,000 to supplement Federal activities. By the end of 1930, too, eight of the greatest industrial commonwealths in the Union, containing fully one-fourth of the country's population, had become so convinced of the futility of State enforcement that they either had already repealed their laws or had received mandates from their electorates to do so.

It was inevitable, therefore, that, in keeping with the temper of the times and the perceptible change in the social attitude toward drinking, there should spring up a group of institutions in many ways more vicious than the old publicly-regulated saloon—the speakeasies, roadhouses, night clubs, blind pigs and beer flats of the

prohibition era—where youth and women were openly served and criminal forms of vice naturally flourished. Few middle-class homes were without their liquor supply; scarcely a club, hotel or pleasure resort dared ban its use; no social function had run its full course until a large quantity of hard drink had been consumed and a certain number of cheerful or sick drunks helped on to their own doorsteps.

All this was bad enough, but the evils produced in the train of the open flouting of the national prohibition law were perhaps worse. Henry W. Anderson, a member of the Wickersham Commission, indicated some of the more outstanding of these in his individual statement appended to the commission's report: (1) There was springing up a public disregard for all laws, growing out of the refusal or inability of authorities to enforce this one; (2) official protection was being purchased by the illicit liquor operators; the resulting corruption of public officers and police was therefore "widespread and notorious"; (3) the courts were being compelled to give too much of their time to prohibition cases; (4) prisons were being crowded to the danger point with prohibition law violators; (5) the public was being poisoned with bad and unregulated liquor; (6) "the illicit producer, the bootlegger and the speakeasy are reaping a rich harvest of profits and are becoming daily more securely entrenched"; (7) "these great revenues, in the hands of lawless elements, are not only enabling them to carry on this business in defiance of government, but to organize and develop other lines of criminal activity to an extent which threatens social and economic security."

Public disapproval showed itself not only covertly by violation but openly by expressions of recorded opinion. In a number of unofficial polls taken during the period the wets, that is, those favoring the repeal of the Eight-

teenth Amendment or its modification to permit the manufacture of light wines and beer, plainly indicated their dissatisfaction with prohibition. In the last and most pretentious of these, conducted by the *Literary Digest* in 1930, in which some 20,000,000 persons were circularized, out of the 4,000,000 ballots cast, 73.9 per cent were against the amendment. Similarly, in some nine official referendums held in the States during the years 1920-28, in which the question at issue was either the modification of the Volstead act or a demand on Congress to repeal the amendment, the wets scored heavily in seven cases.

Organized dissent, too, raised its head. Committees of bar associations in many sections of the country filed reports in which there was viewed with dismay the breakdown of the law machinery of nation and States. Persons who had never had a stake in the commercial liquor traffic formed societies to encourage agitation against the continuance of the experiment. Pressure was brought increasingly to bear on lawmakers and organs of opinion. The Anti-Saloon League was now meeting with stubborn opposition not from brewers and distillers so much as from the eminently respectable Association Against Prohibition, headed by Pierre S. du Pont, and from the Women's Organization for National Prohibition Reform, under the leadership of Mrs. Charles H. Sabin. So hostile had sentiment apparently become among middle-class women that in the three years from 1929 to 1932 they were able to enlist 900,000 members and form working units in forty-two States.

Yet, it is remarkable that the breakdown of enforcement, the absence of general observance, nullification on the part of the States and the mobilization of hostile opinion were really of no avail during the whole of the 1920s. Why did this anomalous

state of affairs drag on so long? Because the continuance of prosperity during that whole miraculous decade was indubitably associated in countless minds with the outlawing of the liquor traffic and the saloon. Was it not more than a coincidence that with the inauguration of national prohibition there had also set in a period of general well-being, when the productivity of labor was increasing almost every hour, capital was never earning so much, poverty was on the way to elimination, homes, automobiles, radios and a thousand new household appliances were being bought by every one and the whole of America's youth appeared to be going to school?

The lyrical outburst of the Anti-Saloon League, in 1925, seemed to contain more than a germ of truth: "Industry, commerce, art, literature, music, learning, entertainment and benevolence all find their finest expression in this saloonless land." Certainly, industrialists must have believed that there was an intimate association between the end of the old Saturday night spree of America's laboring population and its new consumption of luxury goods. How, then, account for their generous support of the Anti-Saloon League during the whole period? The Rockefellers, S. S. Kresge, James N. Gamble, John Wanamaker, Joseph Boyer of the Burroughs Adding Machine Company, James Horton of the Horton Ice Cream Company, J. L. Hudson of the Hudson Motor Company, R. E. Olds of the Reo Motor Company, S. S. Martin of the National Biscuit Company, the United States Steel Corporation—all donated freely. Henry Ford, if he did not support it with money, gave the movement his blessing, for did he not say, with all the weight of authority that his idlest utterance bore, "The Eighteenth Amendment is recognized by the men and women of our country, the

women especially, as the greatest force for the comfort and prosperity of the United States"?

The prolongation of the depression was necessary to shake the confidence of such cheerful analysts. So long as prosperity lasted, so long were the difficulties of prohibition enforcement minor evils to be borne; with economic collapse came the sweeping away of what had been the Eighteenth Amendment's really impregnable defense.

The first real cloud to appear on the horizon, though it was no larger than a man's hand, was the very complete report of President Hoover's Commission on Law Enforcement and Observance. This body, made up of eleven distinguished citizens and headed by George W. Wickersham, had been created on May 20, 1929, to make a general study of the processes and defects of law enforcement; on Jan. 15, 1931, it submitted its findings on prohibition. Unfortunately, the confusion arising out of the mode of presentation of the report robbed it of much of its value as an aid to the crystallization of opinion. Its appearance was preceded by an untruthful summary which was not its work but that of an anonymous Washington official, and its conclusions and recommendations were at plain variance, not only with its own presentation of the facts, but with the stated opinions of the individual commissioners. Thus, while the commission as a whole declared its opposition to the repeal of the Eighteenth Amendment, to the restoration of the legalized saloon, to the entry of Federal and State Governments into the liquor business, and to any change in the Volstead act to permit the manufacture and sale of light wines and beer, two of the commissioners demanded outright repeal, four favored the immediate and drastic modification of the experiment and only five were willing to see its further continuance!

But the marshaling of the evidence against national prohibition constituted one of the most illuminating public documents of modern times. The facts assembled by the commission clearly indicated that prohibition had broken down and was in fact impossible of realization, because the illicit liquor traffic was highly profitable, because public opinion was either indifferent or hostile and because the States refused to apply honest and efficient methods of enforcement. Not many thoughtful persons who read the entire volume could fail to agree with the bluntly worded conclusion of Commissioner Monte M. Lemann: "* * * that the Eighteenth Amendment cannot be effectively enforced without the active general support of public opinion and the law enforcement agencies of the States and cities of the nation; that such support does not now exist; and that I cannot find sufficient reason to believe that it can be obtained. I see no alternative but repeal of the amendment."

If the effect of the Wickersham commission report was in itself hardly decisive, other factors were accumulating during 1931 and 1932 to create a hard, solid body of dissent.

First, and most important, was the realization that some positive economic act was required to start the wheels of industry going once more. From this sprang the widely expressed belief that the revival of liquor manufacturing under proper restraints would provide the necessary new opportunities for the investment of capital and the employment of labor. True, such a procedure would destroy the wildcat brewers, illegal distillers, bootleggers and speakeasy proprietors, who, too, whether their activities were nefarious or not, represented the operations of capital and labor; but, ran the argument, the existing stagnation was psychological as much as economic and any lusty effort, such as this,

might have the happy effect of pushing the depression off dead-centre.

Second, the necessity for developing new sources of revenue, lest National and State Governments place heavier burdens on the well-to-do, was a consideration of no light weight. Would not, therefore, the re-opening of the old and rich vein of excises furnish a desirable form of relief? It was generally stated that taxes on spirits, wine and beer would alone bring into the Federal coffers fully \$1,000,000,000 a year.

Third, the existence of organized crime had become a national menace. Ending the illicit liquor traffic would not put an end to criminals, but it would drive them into less excusable unsocial activities against which public opinion could more easily be mobilized and a greater effort demanded from police authorities.

Fourth, politicians of both parties hesitated to stake victory in the forthcoming national election on the single issue of prohibition. A campaign of generalities, in which both Republicans and Democrats could appeal to the support of all sections and classes without directly alienating one large group, was more in conformity with American political procedure; in this way, for example, the spectre of Bryanism might be invoked against the Democratic candidate, and the charge of standpattism leveled at the Republican candidate. And the choice, then, would be decided by a thousand and one imponderables.

The statement by John D. Rockefeller Jr. practically on the eve of the meeting of the Republican National Convention appeared exactly at the psychological moment. It had the great virtue of succinctness; it presented admirably the whole case against the Eighteenth Amendment;

it was opposed to temporizing until an adequate substitute for national prohibition had been found and called for outright repeal at once. Moreover, the source from which it emanated was unimpeachable in view of the close association of both Mr. Rockefeller and his father with evangelical Protestantism and the temperance movement. There can be no question of the influence Mr. Rockefeller's declaration had on the American public; that it must have borne real weight with the Republican and Democratic platform-makers it is also hard to doubt.

The ensuing action of the two conventions has taken the troubled question of prohibition out of politics and commits both parties to repeal. The plank of the Republicans is more guarded than that of the Democrats; while it is ready to transfer to the States complete control over the liquor traffic, it wishes to retain in the Federal Government the powers of preserving "the gains already made," of protecting "those States where prohibition may exist" and of preventing the return "of the saloon and attendant abuses." The Democratic plank is more candid; it demands repeal without conditions and, pending the action of State conventions, promises the immediate modification of the Volstead act to legalize the manufacture and sale of beer and other beverages of legal alcoholic content. With these clear-cut pledges committing the two parties to the submission of a new amendment to the Constitution, the end of the experiment of national prohibition seems to be in sight. Certainly, all but the last chapter of its exciting and curious history appears to have been written.

Trotsky's World Revolution

By LOUIS FISCHER

Author of "Machines and Men in Russia"

LEON TROTSKY, now living in exile on the island of Prinkipo, is regularly characterized in official Communist pronouncements as a counter-revolutionary. In like manner, Trotsky persistently accuses Stalin of serving counter-revolutionary purposes by obstructing the movement toward world revolution. But the real question is not whether Stalin or Trotsky calls louder for the overthrow of the bourgeoisie; neither would yield to the other in the intensity of his desire for an international social upheaval. Every Communist must advocate the hasty demise of the capitalist system and its replacement by an enlarged Soviet Union, embracing all countries. No change of method or emphasis can conceal the ever-present Bolshevik goal of a universal Red régime.

Words and wishes notwithstanding, Trotsky charges, the Communists of the Soviet Union, under Stalin's guidance, have actually sabotaged numerous efforts to bring the blessings of sovietism to foreign lands. The voice, Trotsky might say, is the voice of world revolution, but the hands which should hasten its progress are clutching at the brake of the bourgeois locomotive and preventing it from rushing down the steep slope to destruction. Trotsky maintains that Moscow professes world revolution and practices counter-revolution.

This is a serious matter for the capitalist world and for all Communists. Is Trotsky right? Or is Stalin correct in the contention that Trotsky is playing the rôle of bourgeois agent and enemy of the new Russia? The answer to these questions depends

mainly on one's estimate of the political and social nature of the present régime in the Soviet Union. Has Russia receded from bolshevism under Stalin's leadership? Does the future promise a further drift toward capitalism? If the reply is "yes," then indeed Trotsky's attacks are warranted. But if the Soviet Union is proceeding toward socialism or at least away from capitalism, then Trotsky's argument loses much of its cogency, for by its very existence a truly Soviet, near-Socialist system—even if Stalin yelled counter-revolution from the house-tops all day—must further the cause of revolution in other countries. Trotsky, therefore, insists that Stalin not only does not work for the world revolution but cannot convert Russia into a Socialist State. The two go hand in hand.

Because the matter hinges primarily on the character of the Soviet régime, the chief issue between Stalin and Trotsky is: Can a Socialist State be erected in one country alone? Originally, no Communist believed that socialism or even a Soviet government could exist in only a single country. When the Bolsheviks seized power in 1917 they were a mere handful. Most foreign States opposed them with armed force. Lenin and all his followers were convinced at that time that only a revolution abroad could save them from certain doom. Inexperienced and without cohesion, they did not hope to survive unless revolutions in Europe and Asia weakened external hostility and gave Red Russia a breathing space for domestic entrenchment.

In 1919 Hungary and Bavaria

raised the red flag. Allied armies were mutinous. The Peace Conference at Versailles had as yet failed to pacify the world. India was on the verge of revolt. Asia seethed with militant discontent. And the Bolsheviki were hemmed in on all sides by "White" Russian and capitalist armies. World revolution seemed the only escape and the best hope. But as the years passed the prospects of social upheavals in the Eurasian continent receded into the background. Simultaneously, the Soviets grew stronger. World revolution remained a desired goal, but it ceased to be the alternative to Bolshevik collapse. It ceased also to be an immediate possibility.

The New Economic Policy of 1921 and the peace treaties, the offers of concessions and the debt conferences which logically followed it, documented this epochal change. The Communist and capitalist worlds had failed to destroy one another; they had reached a stalemate. Therefore a truce was declared, although it was an armed truce, during which the Bolsheviki looked for signs of capitalist decay while many Western statesmen prayed for, and sometimes worked for, Soviet ruin.

Meanwhile the New Economic Policy was exercising a corroding influence within Russia. A new bourgeois trading class acquired wealth and position. Rich peasants increased in numbers. The intelligentsia had not been won over. Moscow made little, if any, progress toward socialism. The Bolsheviki were distressed by a sense of failure both at home and abroad. During this period, in May, 1924, Trotsky told an important conference on literature convened by the Communist party that "we [the Bolsheviki] do intend to bring the peasantry, under proletarian leadership, to socialism," but "the road," he added, "is very, very long." Trotsky estimated that it would take "twenty, thirty, fifty years" to traverse it. These years would be marked by an armed struggle against capitalism in Europe.

"And if this new and more violent era of civil war," Trotsky predicted, "ends with success, the Socialist basis of our economy will be finally established and fortified." Only then—after a victory of the revolution abroad—he felt, could there be a proletarian literature, could there be socialism in Soviet industry and agriculture.

This proposition, born in a time of Bolshevik mental depression, became the platform on which Trotsky has fought Stalin since 1924. Since socialism is the chief desideratum, since no acts or policies limited to Russia alone would bring it about, and since foreign revolutions could, Trotsky's strategy was, generally speaking, to foster world revolutions, hold on to power in Russia and improve her economy, but not on the assumption that agriculture could really be collectivized, industry socialized or trade sovietized until other countries turned Bolshevik.

This is the "Theory of Permanent Revolution" which finds expression in Trotsky's recent *History of the Russian Revolution* (New York: Simon and Schuster, 1932), and in practically all his political writings and actions after 1903. Trotsky asserts categorically that "the Socialist revolution is not consummated until the final victory of the new society on our entire planet." When all the earth is soviet, then, too, it will be socialist. Until that day the revolutionary process goes on—permanently.

Trotsky consequently—and this is also part of the doctrine of Permanent Revolution — objected to the bloc which Stalin countenanced between the Kuomintang, the party of the Chinese bourgeoisie, and the Chinese workers and peasants. Trotsky wanted an out-and-out Communist uprising in China in 1925-27. Moreover, he advocated the severance of Moscow's cordial ties with the non-Communist British trade unionists of the type of Purcell and Hicks. He demanded that the British Communists nominate their own candidates in gen-

eral elections instead of cooperating with the Laborites. In all these respects—in his foreign policy and his attitude toward the Comintern (Communist International)—he was certainly more moderate than Stalin.

A more radical policy of foreign revolution, however, does not imply a radical policy within Russia. Indeed, it may imply the exact opposite. Speaking of the Soviet Union, Trotsky has maintained that "the fate of the dictatorship and of socialism depends, in the last analysis, not only and not so much on national productive forces [inside the Soviet Union] as on the development of the international Socialist revolution." But if that is the case, the chief emphasis must be placed on stimulating world revolution rather than on expanding Russia's own economy. Trotsky, to be sure, would not have neglected Soviet home industry any more than Stalin would ignore the usefulness of the Third International. There are no whites and blacks in this picture. It is a matter of proportion and shade. Yet Trotsky's program does attach prime importance to foreign upheavals. His policy for Russia, consequently, did not include the immediate introduction of Socialist forms in agriculture. He contented himself, in 1927 for instance, with proposals to exploit the Kulaks (rich peasants) through forced loans, grain confiscations and, if need be, through the sale of city goods at inflation prices. Nor did Trotsky believe that the capitalist class in the Soviet Union and the class war could be eliminated until the advent of universal sovietism.

Stalin, on the other hand, assumes that collectivization, which means eradication of private capitalism in the village and suppression of the urban bourgeoisie in Russia, are possible no matter what may happen abroad. Indeed, under Stalin's firm hand the Bolsheviks have undertaken to destroy the last vestiges of private capitalism in the Soviet Union. The

Kremlin's domestic policy is today more to the left than ever before. Despite modifications and zigzags which foreign observers may innocently interpret as signs of repentance, there is now absolutely no way back to private capitalism. The corollary, Stalin declares, is the rapid spread and intensification of the Socialist characteristics of Soviet economy. At the end of the second Five-Year Plan in 1937, according to sanguine Bolshevik claims, socialism will have been established in Russia despite the persistence of capitalism everywhere else.

Although the accurate observer must note the disappearance of the last traces of private capitalism in Russia, Trotsky declares that "the world's division of labor, the dependence of Soviet industry on foreign technique, the dependence of the productive forces of advanced European countries on Asiatic raw materials * * * make the construction of a self-sustaining Socialist society impossible in any single country in the world." This dependence certainly applies to capitalist States. Perhaps Trotsky has actually understated his case, for the richer a capitalist nation grows, the more goods and money it must export and the more its prosperity is determined by the availability of foreign markets. As capitalist economy assumes higher forms, it grows increasingly internationalist and less self-sustaining.

Yet it is possible that a Soviet economy defies these rules because it eliminates the profit motive, hinders excessively unequal distribution of wealth, and, therefore, can expand endlessly at home without being forced to seek foreign fields to conquer. Russia, moreover, is very rich, potentially perhaps the richest country in the world. She has many raw materials and can buy the others by exporting a limited quantity of commodities. Especially when the West is seeking customers, Russia may be

able to perfect her technique and purchase the mechanical proficiency which she does not possess, without selling her Socialist birthright.

Possibly, then, socialism can be confined to national frontiers more easily than capitalism. This would mean that, though expansion through world revolution might be desirable to extend the Communist heaven, there would be no economic compulsion on the Socialist State to precipitate foreign revolutions. The Socialist State could stand alone. The notion that such isolation is impossible dates back to the period when Soviet Russia was weak and when capitalism was re-asserting itself. Yet today no country would dare to attack the Soviet Union single-handed, and even a coalition of capitalist powers would hesitate long before taking the field against the Bolsheviki. The Five Year Plan and subsequent schemes of industrialization propose to make Russia increasingly impregnable and increasingly independent.

The present Communist leaders of Russia maintain that a strong Socialist Soviet Union is the most effective stimulus to world revolution. A prominent German diplomat arguing about the rate of Soviet economic improvement concluded by declaring that the percentage of growth did not really matter because "if the Bolsheviki can stay in power and register even a 2 per cent increase in production and therefore in popular well-being, they are a danger to the capitalist world. Such progress means that a Communist government can exist and prosper. This fact brings home to workingmen in other countries a moral which will menace the bourgeois system." And the Bolsheviki agree that a successful Soviet Russia will inspire other proletariats to emulation. The Russian Communists, therefore, are devoting themselves to the task at home. They are more introverted than ever before. Foreign politics interests them largely as a

means of neutralizing outside hostility and of obtaining capitalist credits. Anything that may interfere seriously with domestic improvement is avoided.

How does the Comintern fare in this changed situation? Officially some of the most important Communists in Moscow serve as leaders of the Third International and bear responsibility for its acts. But Trotsky charges that the actual operations of the Comintern are conducted by men of third rank and small calibre whose numerous mistakes retard the revolutionary movement abroad.

Trotsky's most poisonous shafts are aimed against Stalin for his rôle in the Chinese revolution of 1924-1927 and in the present German crisis. Trotsky maintains that Stalin's policy in China was not an accident and not a mere mistake, but an inevitable result of his rejection of the doctrine of Permanent Revolution. The acceptance of that theory, Trotsky insists, would have prevented Stalin from supposing that a successful social revolution could have issued from a union between the petty-bourgeois Kuomintang and the workers and peasants, in which the Kuomintang was the dominating influence. Trotsky likewise condemns the Comintern for sanctioning last year's plebiscite in which the German Communists voted with the Hitlerites in an abortive effort to precipitate an early re-election of the Prussian Legislature. Trotsky, above all, criticizes the Comintern for restraining the German Communist party from decisive revolutionary action.

The essence of these charges is that Stalin has refused to aid, indeed has even weakened, Communist groups in foreign countries. Moscow, of course, responds with a denial. Leading Bolsheviki explain that when Trotsky proposed soviets for China the situation was not ripe for such extreme measures. Trotsky replies that ultimately Moscow adopted his policy

after it had managed to kill the Chinese revolutionary movement. Moscow says that movement lives and grows. In Germany Trotsky urges a bloc between Communists and Social Democrats to fight fascism. Moscow declares, however, that this is men-shevism, an old Trotskyist malady, and that, since the Social Democrats had supported the former Bruening Government, alliance with them would bolster up the German bourgeoisie. The Trotskyists in Spain, who have developed considerable activity, accuse Stalin of pussyfooting on the question of Spanish communism in order to win diplomatic recognition from Madrid.

Such recriminations are natural in the overheated atmosphere of the Stalin-Trotsky controversy. Rather than undertake the thankless task of dividing truth from fiction and exaggeration—a task for which any contemporary historian would have too little data and too much bias—it might be more profitable to plot the probable curve of Moscow's reaction to a serious foreign revolutionary situation if one arose.

Stalin proceeds on the assumption that revolutions do not result from imported money or pamphlets or agitators. A revolution germinates only in national soil when social and economic conditions favor its growth. The Bolsheviki would say that the capitalists will do more than the Communists to undermine capitalism. Today, despite the universal depression, they view the world scene soberly and, while discerning a gradual shift to the left, are skeptical about a Red uprising, even in Germany, not to speak of other countries. A war, of course, would precipitate national discontent and hasten the revolutionary process. But in times of peace the blow which would fell the bourgeoisie must be postponed until capitalist debility advances much further than it has. Moscow's advice, therefore, would consist of realistic words

of caution—no adventures, no terror, no useless bloodshed. Such a passive policy of patience is usually unpopular with the radical proletariat. It has undoubtedly cost the German Communists many votes. But the Comintern believes that this is to be preferred to a trial *putsch* which would most likely end in failure and stimulate a reaction against communism.

The Soviet Government itself, of course, strives scrupulously to avoid any appearance of interest in foreign Communist movements. It does not wish to be embarrassed diplomatically or to spoil its contacts with bourgeois nations. Since 1927 Stalin has defended the thesis of capitalist-Communist co-existence. The Soviet Government officially proposed a resolution at the International Economic Conference in Geneva in May, 1927, which enunciated the idea that the two opposing forms of society could live together in peace and coöperation. On all recent occasions Soviet spokesmen have emphasized the same proposition.

But how would the Communists in the Soviet Union behave if revolution were imminent in some important country? What if Germany or France or Japan were on the very threshold of a national social upheaval? The historical precedent is Germany in 1923. The Reich had been impoverished by inflation. Bread riots had occurred in numerous cities. The German Communists were planning an uprising. With one hand the Comintern helped them. But Stalin said: "In my opinion, we must restrain the Germans and not encourage them." The German Communists, he added, "have a Soviet State as their neighbor, but what can we give them at this moment?" And Trotsky himself told United States Senator King in Moscow that "we do not interfere in civil wars abroad. We could intervene only by making war on Poland, and we do not want war." Trotsky was then Commissar of War and shared respon-

sibility for the Kremlin's acts. It makes a vast difference now that he is a free lance.

The Bolsheviki would no doubt aid a successful foreign revolution which had already established a Soviet régime. They might also be tempted to throw their aid to a foreign Communist party if they felt that their contribution would decide the battle in favor of sovietism and if the international complications did not appear threatening. Everything depends on the particular conjecture and on the risk involved. Moscow would first consider Moscow and only then its foreign friends. The Bolsheviki believe that they must, at all costs, protect and safeguard what already exists in Russia—not only because it is important in itself as a bridge to universal socialism, but because it always remains as an inspiration, even when passive, to outside revolutionists. In 1918, when many Bolsheviki objected to the signing of the Brest-Litovsk peace treaty with Germany in the hope that their refusal would provoke a revolt against the Kaiser, Lenin said: "Germany, you see, is only pregnant with revolution, but here in Russia a perfectly healthy child—the Socialist Republic—has already been born, and we may kill it if we start a war." A similar consideration would govern Moscow's acts today or tomorrow in the face of an impending foreign revolution. Concentration on the revolution at home, especially when revolutions are not in the offing abroad, is not exactly a sign of counter-revolution.

Nor can Trotsky be regarded as a counter-revolutionary. It is true that he has written for the capitalist press in criticism of Soviet Russia. Moscow has exploited that fact to injure his

reputation. Yet Trotsky is a sincere and convinced revolutionist despite errors into which political inactivity and personal vanity may lead him. He may be wrong, but he is in no sense a reactionary. That much, however, cannot be said for all his followers. One finds among his stanchest disciples, agents and translators men who are not identified with Marxism or revolution and who for years have not done or said anything that the bourgeoisie might resent.

Trotsky, moreover, offers the enemies of the Soviet régime the best possible arguments and material. He gives the ex-radical or near-Communist an excuse for maligning Moscow and abstaining from participation in revolutionary action. Sitting in Prinkipo, near Constantinople, far from European capitals and enjoying no regular contact with his supporters except through correspondence, Trotsky has made himself a great power among European intellectuals. His pen and his talents give him vast influence. Yet he uses his position to turn the thinking youth away from Russia.

Much of the venom of Trotsky's polemics against Stalin may be explained by the crudeness and unfairness of many of Moscow's attacks on Trotsky. Stalin stops at nothing to damage his exiled antagonist. Trotsky boils at the injustice of it and reacts fiercely. His writings bristle and sear. The controversy at times brings to mind the bitter struggle between Lenin and Trotsky before the 1917 revolution. They called each other every abusive name in the political dictionary. Even in the Spring of 1917 Lenin branded Trotsky as a dangerous "waverer." Three months later they were working together to prepare the Bolshevik *coup d'état*.

China Plays the Innocent

By G. WARREN HEATH

[Mr. Heath is an American who has been actively engaged in business in the Far East for the past fifteen years. Since his comments on the recent Sino-Japanese conflict reflect a point of view different from that expressed in previous articles published in this magazine, the editors believe his article will be of interest.]

A GREAT deal has been written about the contestants in the so-called Shanghai incident, and most of this has been in the nature of an indictment of Japan. The tide of sympathy has reached such proportions that the average American actually believes the Chinese to have been entirely guiltless victims of a war-maddened Nippon. Few stop to think what would have happened in Shanghai had the Chinese been victorious.

In many respects China is to be pitied. It is a country torn asunder by constant civil war, and its people live amid poverty and pestilence, dominated by self-seeking politicians. Yet one must not be too ready to believe that the Chinese are deserving of moral support against the demands of their neighbor. China is not as guiltless as some would have us think. It must be realized that the Chinese have for years played a shrewd game to arouse sympathy throughout the world, especially in the United States. For once in their lives the Chinese politicians were caught. They played the old game once too often.

Even though we deplore the extreme methods adopted at Shanghai and cannot accept with equanimity the attack on Chapei, we must admit Japan performed a task badly needed. Notwithstanding the legendary reputation of the Chinese for honesty, veracity and fair dealing, China and the Chinese have changed consider-

ably since the days when the word of a Chinese was as good as gold. I need only to point to the treatment accorded foreigners in the Chinese courts, the corrupt functioning of the Bureau of Trade-Marks at Nanking, the overbearing and antagonistic attitude of most Chinese officials, the many petty annoyances inflicted on foreign business men, the spirit of anti-foreignism prevalent in China and the arrogant agitation to force abolition of extraterritorial privileges.

In order to understand these things and their relation to the resentment of China's leaders over foreign failure to accept premature claims of a stabilized China, one must first realize that China is in the process of attempted modernization. Strenuous efforts have been made by the Nanking Government within the last few years to remodel China along Occidental lines, in the hope of complete restoration of China's sovereign rights.

What China's leaders cannot understand is the skepticism displayed toward their efforts. They do not see why their contention that "the old order has yielded place to the new" should be the object of suspicion and reservation. And yet the reason is simple. Foreigners know from past experience that the new order of things is actually the old order in disguise, that under existing conditions the laws, no matter how meritorious, cannot be enforced throughout the nation, and that a mere stroke of the pen will not bridge the gap between antiquity and modernity. In the mad whirl to make China an up-to-date nation, her leaders have overlooked the fact that the mere promulgation of laws does not make them function

and that enforcement is impossible without the necessary operating machinery and highly trained individuals to administer them. When it is realized that the Nanking Government's control is limited to a very small section of the country, that nation-wide transportation facilities are most inadequate, that there is no universally spoken language, that civil war is always imminent if not actually in progress, and that Communistic and bandit activities continue to flourish, it is obvious that all the laws in existence cannot substantiate the claims of various Chinese leaders that China has become stabilized.

A typical example has been the attempt to abolish "likin," a tax, originally levied on the value of all sales, imposed by the people of China upon themselves during the Taiping Rebellion in order to make up the deficiency in the land tax. It was intended to be merely a temporary measure, and foreign-owned goods were to be exempted. However, "likin" is still levied and foreign-owned goods are not exempted. It has degenerated into a profitable source of income for various Governors through whose provinces goods must pass. Since the greater part of all imported goods is eventually shipped into the interior of China it has become customary to collect "likin" as and when such goods pass through the respective provinces. In many instances, these exactions have increased the original cost of the goods two and three times before they arrive at their ultimate destination. In order to remedy this restriction on trade, the Nanking Government, in return for tariff autonomy, guaranteed to abolish "likin" and agreed to meet the mounting expenses of the various Provincial Governments from increased duties levied on foreign goods at the ports of entry into China.

China has secured tariff autonomy and the law has been promulgated, but beyond that nothing has happened. Provincial Governors continue

to collect "likin" together with other newly devised local taxes, and the Nanking Government receives increased duties on foreign goods. In addition, bandits also impose a tax on all goods transported through the sections of the country that are under their control, in return for which safe passage is guaranteed. Had the Nanking Government been in position to enforce the law, a boon would have been bestowed on foreigners and Chinese alike. Unfortunately for the business man, the law could not be enforced.

Another law promulgated within the last two years deals with the importation and sale of all medicinal and pharmaceutical preparations. This law contemplated effective control by requiring the manufacturer to submit samples of all products to the Department of Health for analysis, together with a stipulated fee for services rendered. If and when such products were approved, a license permitting their sale would be granted. Nothing is to be said against a law of this kind, but the Nanking Government has not been in a position to administer it equitably. There are no Chinese pharmacists competent to undertake analysis of and pass on the efficacy of the thousands of medicines now being sold. Enforcement not only would pave the way for untold graft, but would permit the perpetration of fraud and many injustices. In full realization of these facts, leading foreign and Chinese firms repeatedly filed strong protests, with the result that enforcement has been deferred indefinitely.

As already stated, the Bureau of Trade-Marks at Nanking is corrupt. Instances are common wherein the bureau will accept for registration the mark of a Chinese product that is obviously an imitation, and will, in addition, often void registration previously granted a foreign concern in favor of the Chinese competitor.

Much is made of the fact that Jap-

anese firms market inferior and spurious goods, packaged to resemble certain well-known foreign products. Too true; yet the Chinese engage in the same sharp practices and to an increasing extent, since they know from experience that in most instances they can do so with impunity. Practically all foreign products that sell to any extent are imitated, both as to style of the package and as to the trade-marked name. Nor are such flagrant infringements confined to irresponsible business houses.

By way of example, on a recent trip to China, during which I was handling a well-known American product, which had been registered with the Bureau of Trade-Marks at Nanking, I discovered thirty-two clever infringements in Shanghai alone. One of the offenders was a leading Chinese department store. An effort was made to have the style of the infringing package changed, but no amount of persuasion could prevail. Everything possible was done to settle the matter amicably and without losing the store's business in other lines. Finally an official of the store, scoffing at the threat to take the matter into court for settlement, said: "Do you foreigners think you can persuade a Chinese judge to render a verdict against a leading Chinese concern?"

As far as extraterritoriality is concerned, Chinese pressure to force abolition has been growing stronger every year. We cannot deny China eventual abrogation of these privileges. But, with conditions as they are today, abolition would be suicidal for the foreigner, not only from the standpoint of business, but also from that of physical safety. There have been many indications that the governments of the United States and Great Britain were prepared to abandon extraterritoriality, and were these nations to have acquiesced in China's demands Japan would have been forced to accept them, too. By her

action at Shanghai Japan focused the eyes of the world on that city. She has successfully blocked for some time submission on our part to China's demands and has brought home to all nations the fact that to relinquish extraterritoriality privileges would leave Shanghai at the mercy of hordes of bandits—dressed in uniforms, to be sure, and by courtesy called soldiers, yet at heart only too willing and eager to despoil so rich a city.

It has been often said that Japan's actions were motivated by territorial ambitions. If it is so, the same thing may be said of some other nations; Japan has merely followed in the footsteps of her mentors. Both Great Britain and France have pursued the same policy at some time in their respective histories. In recent years the United States intervened in Nicaragua, and the Panama incident is still fresh in our minds. Whether we consider the Sino-Japanese situation analogous is beside the point; in Japan's eyes there is sufficient precedent. Japan has always claimed a special sphere of influence in Manchuria, not unlike that special influence claimed by the United States under the Monroe Doctrine. As far as the provocation for Japan's advance into Manchuria is concerned, there has undoubtedly been some sharp manoeuvring on the part of the Japanese War Office, but Japan, I contend, is not and was not entirely to blame.

Let it be freely admitted that, according to treaty agreements and the open-door policy, Japan has violated solemn covenants. But we must remember that the United States, as well as the other nations of the world, is primarily interested in China and Manchuria as a market for merchandise. In order that all nations might participate on a free and equal basis, it was logical to evolve treaties and for the United States to proclaim the open-door policy. Do not let us be naïve enough to pretend that the purpose was solely to prevent chastise-

ment of China. As long as we are content to remain inactive, let us be more tolerant of Japan, who, after all is said and done, evinced a desire to clean up existing conditions and has actually pulled the chestnuts out of the fire for us.

While in China last year—several months before the clouds began to gather—I was informed by a Captain in the Intelligence Division of the British forces stationed in Shanghai that trouble was soon to arise in Manchuria and that Japan would proceed on the plea of "defense of property." We must assume, therefore, that the British Government and undoubtedly our government knew in advance what Japan intended to do. As no protest was lodged at the time, it is reasonable to believe that both governments acquiesced in what was to follow and were quite willing to accept whatever benefits might accrue as the result of Japan's action.

Regardless of the many reasons advanced for Japan's provocation, it is quite evident that one of the underlying motives was a deep-rooted fear of Russia. Both countries have longingly eyed Manchuria, and had Russia succeeded in securing control she would have stopped Japanese colonization and would have been better able to direct Communistic activities in China and Japan, which would have threatened Japan's very existence. On the other hand, Japan, by acting first, has set up a buffer State which will not only help to prevent the further spread of Russian influence in the Far East, but will provide for her much-needed territorial expansion and colonization. If, therefore, the acquisition of Manchuria will satisfy Japanese aspirations and she can bring order out of chaos, let us recognize that such expansion might settle for an indefinite period the troublesome Far Eastern question.

Before the Japanese advance Manchuria was undoubtedly in a precarious condition. Although a province

of China, it has for a long time been so in name only. This rich territory, with excellent possibilities for trade and internal development, has been ravaged by bandits for years, and currency has been depreciated greatly in value. Actually Manchuria has been little more than a feudal State controlled by completely independent war lords who have taxed its population and trade beyond endurance. Except for the customs revenue, which even war lords dare not entirely confiscate, Manchuria has been of no value whatever to China. Under Chinese control there was little likelihood of reform or any substantial progress toward development of the country.

Among foreigners resident in China it has been freely stated that Manchuria needed cleaning up so as to develop its natural resources and foreign trade. It follows that Japanese occupation will be a good thing, provided that the rest of the world is accorded equal privileges. There appears to be a wide divergence of opinion as to what the future holds for the foreign business man there. Some believe that with Japan in the saddle the death-knell of alien interests has been sounded, as in the case of Korea, while an equal number contend that, with law and order, trade will increase and prove to be more profitable than heretofore.

In order to understand the happenings at Shanghai we must remember that the anti-Chinese riots in Korea of more than a year ago resulted in another anti-Japanese boycott in China—one which assumed dangerous proportions when the Japanese, provoked by the many outrages committed by the Chinese, finally invaded Manchuria. A boycott in China does not always denote patriotism, nor is it always wholeheartedly endorsed by the people. It provides an opportunity for certain Chinese business men, ostensibly supporting the boycott, to make large profits by taking advantage of the situation to import goods surreptitiously in advance of their

competitors. In the main, a boycott in China is generally the tool of professional agitators who become rich on the funds subscribed to support the movement and on the proceeds derived from the sale of goods seized by their orders.

This particular boycott was outrageous from any standpoint and clearly reflected Chinese disregard of foreign property rights. Japanese goods were seized in various parts of Shanghai and taken by main force to the headquarters of the professional agitators. To allay suspicion a portion of these goods was publicly destroyed, but most of them were remarked and sold. There are many Chinese merchants making their living by handling Japanese goods and countless thousands of the population who want these goods. Accordingly, this so-called boycott simply resulted in creating great hardship not only among the Japanese but among the Chinese as well.

During January matters became worse. There were several ugly incidents reflecting no credit on either side, and the Japanese Admiral at Shanghai made definite threats to use force if the outrages did not cease. Finally, hostilities broke out. Which of the two contestants is actually responsible will never be known; both sides claimed to have been provoked. It is quite probable that both lied. Except for a half-hearted attempt at reinforcements made by Chiang Kai-shek for face-saving purposes, the Cantonese Nineteenth Route Army, which had surrounded Shanghai some time before—perhaps as a threat to the Nanking Government—received practically no assistance from Nanking. It is clear that the Nationalist leaders desired and even welcomed destruction of their rivals by the Japanese forces. Finally a peace was signed, and the world wept for China.

Even if there is no more fighting

between the Chinese and Japanese, another outbreak of civil war is possible, regardless of recent statements by leaders of the Nanking Government that henceforth no effort will be made to subdue by force of arms any part of the country already beyond its physical and economic control. Here we have for the first time an admission to the world that the existing government is unable to unify the country and enforce its own dictates.

What will be the result? An increase of bandit depredations, greater Communistic activity, and in time an inevitable breaking up of the nation into completely independent provinces or States. As conditions exist today and are likely to prevail for some years, there is a diminishing probability that a single government can hope to dominate all China. Certain well-informed persons contend that China will emerge from the chaos divided into three parts, with three distinct and independent governments—one in North China, with its capital at Peiping; a second in Central China, with its capital at Nanking, and a third in South China, with its capital at Canton. If such a thing does come to pass it may well be the saving of all China. In any event, as conditions are today, almost any change would probably be reflected in a greater stability of government.

I am still pro-Chinese. I have a great desire to see China become stabilized and maintain a government which can effectively control the entire country and preserve its own rights as well as those of the foreigner. But if China honestly desires to retain the sympathy of the world she must put her house in order, stop whining, cease playing one nation against the other, and above all, curb the anti-foreign spirit now in the land. Then will she merit the moral support of other nations in her fight against imperialistic aggression.

The Bonus Army Marches to Defeat

By E. FRANCIS BROWN

ONE of the most amazing episodes of the Hoover era has been the march of thousands of World War veterans to the national capital to demand immediate payment of their bonuses, or adjusted compensation certificates. For more than two months ex-soldiers, drawn from all sections of the United States, camped in and about Washington, lobbied for what they considered their just due, threatened to afflict the capital with disease and epidemic, and presented a constant menace to law and order. No amount of logic or persuasion prevented the veterans from remaining in the District of Columbia from the end of May until July 28, when, the patience of the authorities exhausted, the veterans' camps were destroyed and the occupants driven from the capital by the armed forces of the United States Government.

What started the movement of the veterans upon Washington to demand immediate payment of the bonus is not clear. The organized "respectable" veterans' lobby directed by the Veterans of Foreign Wars and the American Legion had secured, early in the session of the Seventy-second Congress, the introduction of a bill favoring the immediate payment of the bonus through the issuing of more than \$2,000,000,000 in currency. This bill, which was sponsored by Representative Wright Patman of Texas, aroused opposition throughout the nation and early in May was believed to be safely ensnared in the red tape of House procedure. But almost immediately a new situation arose.

On May 21 Eastern newspapers carried the first news of a possible mass demonstration on the part of World War veterans when dispatches

from East St. Louis, Ill., described the seizure of a Baltimore & Ohio freight train by 400 ex-soldiers from Oregon. These men, who were headed for Washington, had reached the Mississippi by hitch-hiking and by commandeering box cars. When the B. & O. refused to move the train which the veterans had occupied, and trouble seemed imminent, the Illinois National Guard was ordered to the scene to protect railway property. Disorder was avoided, however, and the veterans moved on, crossing the Illinois prairies in trucks and automobiles provided by local officials and municipalities. The Governors of Indiana and Ohio supplied the bonus marchers with transportation; food was donated by patriotic organizations and kind-hearted individuals, while the citizens of many towns and cities wished the veterans godspeed on their mission. As a result, on May 29, the vanguard of what was to be a great army arrived safely at the national capital.

Apparently the example of the Oregonians was sufficient to give birth to dozens of contingents of bonus marchers, because even before the men from the West Coast reached the capital the nation's press told how groups of ten, fifty or several hundred men were proceeding to Washington to ask of Congress the immediate payment of the bonus. For the most part their progress was orderly, although at New Orleans and Cleveland there were clashes when the veterans attempted to seize railway trains. Within a week of the arrival of the men from Oregon several thousand veterans were in Washington.

Why were these men—approximately

95 per cent of whom were unemployed—in Washington? Ostensibly their purpose was to secure payment of the bonus, but any one of them if he thought about it must have realized that the few hundred dollars which immediate payment would place in his pocket could not be of great use if hard times were prolonged. As a group the veterans and their supporters maintained that the payment of the more than \$2,000,000,000 proposed by the Patman bill would start the nation toward economic recovery—but that argument came after the movement was in full swing and could never have stirred individuals to start the long, arduous trek to Washington. Probably the best explanation is that most of the men, being out of work and despairing of finding employment, turned to the idea of a bonus march as a means of escape in the naïve hope that something might come of it. In any case a demonstration at Washington would be better than loafing on the streets of El Paso or Duluth.

From the beginning the city of Washington was an unwilling host to the veterans' horde. General Pelham D. Glassford, Superintendent of Police in the District of Columbia, appealed, even before the first of the men arrived, to authorities along the various routes of march to do all in their power to discourage the former soldiers from coming to the capital. At the same time he made plans to take care of the veterans, although insisting that those who came would be permitted to remain in the capital only forty-eight hours. The forty-eight-hour limit, however, was laughed at by leaders of the bonus-marchers since their purpose was to camp in Washington until the bonus was paid. The first contingent of war veterans was assigned barracks in disused buildings at the capital. A few army rolling kitchens were lent to the men and bed sacks with straw were obtained from the War Department; food was donated by some of the merchants of

the capital—and the "siege of Washington" began.

By early June the Bonus Expeditionary Force, or B. E. F., as it quickly became known, was too large to be accommodated in the vacant buildings of Washington and a makeshift camp was established on the Anacostia flats across the Potomac from the city. If it rained, the dusty area on which the men had camped became a quagmire, and mosquitoes were ever present. Here, during the ensuing weeks, thousands of men, a few with their families, made their homes, living in shacks and makeshift shelters built from the refuse of a near-by dump, sleeping under the stars or in pup tents loaned by the army. The problem of feeding so great a force—at one time the B. E. F. claimed about 20,000 recruits—was paramount. These men were without funds, or nearly so; they could not buy food for themselves, but unless they were fed, anything might happen. So the wise and humanitarian of Washington opened their purses, merchants contributed foodstuffs, General Glassford gave of his funds, and from outside the District came supplies and money. Somehow food, rough but never plentiful, was provided and no one starved. Sanitary conditions in the Anacostia camp distressed Washington officials, who foresaw an epidemic of typhoid or typhus since the men washed their clothes and cooking utensils in the eastern branch of the Potomac, which is "little more than an open sewer," and no regular water supply was available. Moreover, the inevitable presence of camp-followers suggested further complications in the task of maintaining health, both in the camp and in the city itself. Apparently, however, the worst of these forebodings were never realized.

A surprising aspect of the bonus march and "siege" was the high degree of order and discipline maintained in the motley ranks of the veterans. Except for brief interludes the

leader of the B. E. F. was Walter W. Waters, former superintendent of a fruit cannery in Oregon, 34 years old, married and the father of two children. He had been without employment for a year and a half when he organized and led the veterans from Oregon who apparently started the entire movement. Under his leadership the "army" and camps were organized along military lines and policed as well as possible, while the men were drilled daily and kept under control. Perhaps his personality alone prevented the mechanics, farm hands, miners, laborers, office workers, Negroes and whites, from resorting to violence.

The character of the B. E. F. was somewhat of an anomaly. Superficially, its members were patriotic bourgeois Americans, exercising in an orderly fashion their constitutional right of petition; all the signs of 100 per cent Americanism were present in the camps and the national emblem was on display everywhere. Moreover, the leaders constantly watched for evidence of Communist elements in the army and occasionally purged the ranks of those who did not measure up to the B. E. F.'s standards of loyalty to the United States.

On the other hand, the very organization of so great a body of men who, bonus or not, obviously were protesting against their economic condition, was enough to give conservatives an attack of nerves. The speeches of the veterans' leaders and the editorials in their newspaper, the *B. E. F. News*, resounded with good, old-fashioned denunciation of the Hoover Administration, of the bankers and of big business. Yet the men insisted that they were not radicals. It was all somewhat illogical and emotional, but potentially dangerous if there should appear the kind of leader who could exploit the veterans and their feelings. Meanwhile the nation looked on, mixing sympathy for the unemployed veterans with dislike for the methods

they had adopted to gain their ends, dimly recalling, perhaps, stories of the Pretorian guards and hoping that Congress would not be overawed by the pressure which this new form of lobby was bringing to bear.

There can be no doubt that the presence of the bonus army in Washington forced Congress to act upon the Patman bill which had been so carefully shelved by the House Ways and Means Committee on May 6. Early in June enough signatures had been obtained to the petition which made possible the bringing of the bill to the floor of the House for a vote. Each day brought more veterans to the capital until at least 10,000 were in the city when the House, on June 15, passed the Patman bill for payment of the bonus. That night there was rejoicing in the camp at Anacostia, but this joy was short-lived. Two days later, while 10,000 veterans were massed about the Capitol, the Senate rejected the bonus bill.

The defeat of the Patman bill came at the end of a day tense with the fear that the veterans might break from control. Ever since the camps had been established troops in the posts about Washington had been held in readiness for trouble and the leaves of officers had been canceled. But, on June 17, nothing happened. Disconsolately the veterans returned to their cheerless camps, and many of them must have begun to feel that their cause was now hopeless.

If officials in Washington expected that the action of the Senate would bring about the disintegration of the B. E. F. they were quickly disillusioned. Day after day the veterans stayed on, while newcomers replaced the few deserters. As a result Washington officialdom sought ways and means for ending the stay of the uninvited guests.

General Glassford, who from the time the veterans arrived at the capital devoted most of his time to the

problems which they presented, had handled the peculiar situation tactfully and ably. He won and held the confidence of the veterans and was able to negotiate with their leaders. But no amount of persuasion on his part could induce the B. E. F. to demobilize. On June 21 he suggested to the railroads that, if they offered transportation to the veterans at a nominal fare, many men would avail themselves of the opportunity. The Pennsylvania and the Baltimore & Ohio agreed to take the bonus army home at one cent a mile, but as funds were lacking the plan failed. Congress, seconded by the administration, then came to the rescue and on July 7 appropriated \$100,000 to carry the veterans home—the amount extended to each man to be charged against the final payment of his bonus. Although several thousand men borrowed money for fares the size of the bonus army was not noticeably affected.

Whether the public realized it or not, affairs were fast approaching a crisis. Police regulations were being violated; the more timid government officials were plainly frightened by what might happen; and in many minds was posed the question how to end speedily yet tactfully the disgrace of a mob siege of a great capital. On July 12, while scores of veterans sprawled asleep on the lawns of the Capitol grounds, 450 Californians who had refused to affiliate with the B. E. F. picketed the Capitol. Three days later their continuous march back and forth in the plaza before the great building was still in progress, although for a short time it had seemed about to be broken up when two companies of marines arrived from the Washington Navy Yard. The marines, however, were quickly withdrawn and the picketing went on until the adjournment of Congress at midnight that day. Meanwhile, veterans had attempted to picket the White House, with the result that the gates of the Executive Mansion were locked and

the streets in the vicinity were cleared of all automobile and pedestrian traffic. When, on July 20, about 200 of the more radical element of the B. E. F. marched to the White House, the police were obliged to display tear-gas bombs and firearms before the group dispersed. Nevertheless, disorder was avoided, as it had been from the start of the "siege."

The last phase commenced on July 21 when General Glassford ordered the veterans to evacuate the capital by Aug. 4. At the same time several thousand men who had been living in government-owned buildings on Pennsylvania Avenue which were to be demolished were told that they must move out immediately. This order was rescinded the following day, only to be repeated and again rescinded. On July 25, when a group of veterans once more tried to march to the White House, contrary to police orders, street fighting broke out between the veterans and the police, with the result that several veterans were arrested. Meanwhile, dissension appeared in the B. E. F. Walter W. Waters, the commander, had agreed to evacuate his men from government buildings as soon as contractors sought to raze them, and Washington officials had declared, without too much truth, that the army was melting away.

The end came on July 28. That morning workmen, with police protection, began to demolish the buildings on Pennsylvania Avenue which the veterans had been occupying. Trouble soon developed. The police were showered with brickbats, and, according to the statement of the Commissioners of the District of Columbia, found themselves unable to maintain law and order. As a result, in mid-afternoon Secretary of War Hurley, acting under instructions from President Hoover, ordered General MacArthur, Chief of Staff of the United States Army, to "surround the affected area and clear it without delay."

The scene which followed was new to Washington. By 4:30 P. M. the troops were out; they moved down Pennsylvania Avenue, "the cavalry leading the way, and after them the tanks, the machine-gunners and the infantry." In all there were not more than 500, although as many more patrolled the streets of the capital. Tear gas and the flat side of the sabre drove the veterans from Pennsylvania Avenue and toward their camp at Anacostia. Many were injured, but only two were killed. The troops did not stop when they reached the Potomac. Across the river bridge, step by step, they forced the bonus marchers. Soon smoke was rolling up from the squatter camp on Pennsylvania Avenue and from the main camp at Anacostia; fire had been set to the improvised homes and little attempt was made to extinguish the flames.

All that night and into the next day the veterans, some of them with families, carrying their few possessions, straggled pathetically away from the city where they had hoped for so much. In spite of their commander's declaration that the B. E. F. would carry on, the morale of the thousands seemed broken. The ragged remnants gathered during the next few days at Johnstown, Pa., where the Mayor of that city offered asylum. But the end had come. Funds for transporting the veterans to their homes were provided from somewhere and during the first days of August trains from Johnstown carried the defeated bonus-marchers to the States where they had legal residence, if nothing more.

As an aftermath of the eviction of the B. E. F. President Hoover ordered a sweeping investigation by the District of Columbia grand jury of the charges that the leaders of the riots

in Washington were radicals and not ex-service men. The Communist party, meanwhile, had claimed credit not only for the riots but for starting the bonus march on Washington, but the Communist statement was probably calculated to serve Moscow rather than the truth.

While his army moved toward Johnstown Commander Waters assumed the rôle of an American Hitler when he issued a national call for a "khaki shirt" movement to "clean out the high places of government." "The people have been betrayed by the servant of Wall Street who sits in the White House," he declared. For the moment, at least, his denunciation of the government was lost in the almost universal approval of the action of President Hoover. But among the more thoughtful there were doubts whether the use of troops had been necessary and whether the procedure of the government had not been mistaken in its severity.

In all the applause attendant on the forced evacuation of the B. E. F. few voices were raised to attempt to weigh the social significance of the veterans' march. If the bonus aspect of the demonstration is forgotten, one sees a profound stirring of the nation's unemployed—orderly, to be sure, but disconcerting. These men without work happened to be ex-soldiers; they sought in a blind, misguided fashion to secure relief from the government, but they failed. The final verdict on their efforts belongs not to the contemporary commentator but to the historical interpreter who possesses a perspective of years rather than weeks. For the moment, the pathos and tragedy of a movement born of economic desperation are set against the belief of many citizens that the march of the veterans to Washington imperilled the very existence of government.

Briand's Legacy to the World

By LINDSAY ROGERS

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ABOUT a year ago Aristide Briand made his last speech in the League of Nations Assembly at Geneva. He was eloquent, as always, but the Assembly listened coldly. Only a few days before Germany and Austria had been made to eat humble pie and withdraw their projected customs union agreement. Franco-German relations were in a state not measurably better than during the Ruhr invasion. The Locarno spirit seemed to be gone. Briand spoke with little of his former authority, for the customs agreement had been negotiated behind his back, and Laval was more and more becoming his own Foreign Minister. Briand merited a more glorious finale in the Assembly which had so often thrilled to his words. Six months later, on March 7, 1932, he left a world which was far different from the world for which he had striven.

In his essay on "The Character of Sir Robert Peel" Walter Bagehot wrote that "the accusations which are brought against a public man in his own age are rarely those echoed in after-times. Posterity sees less or sees more." This profoundly true judgment must be kept in mind in attempting a contemporaneous estimate of any statesman, particularly one whose acts have been the subject of great controversy and whose labors seemed at the moment of his passing to have been almost in vain.

So with a statesman like Aristide Briand. The chief contemporary criticism of his career in France was that he was proceeding too rapidly—that in striving for better relations with Germany and in being so preoccupied with the peace of Europe he was overlooking French interests and security.

Forty years from now historians of the post-war period may marvel that Briand was as tentative as he was and they may say that had he been more venturesome and had he been better supported by his country, the edifice which he constructed would not have tottered during his lifetime. His experience, however, was much the same as the experience of his great friend Gustav Stresemann and of their great predecessor in the rôle of a statesman primarily bent on peace—Woodrow Wilson. All three lived long enough to see the tide of idealism ebb and leave exposed the dirty flats of national intransigence and international ill will.

In the case of Briand, the interesting thing is that the historians will be concerned almost entirely with his post-war career as Foreign Minister. His earlier years will be of interest chiefly in explaining his successes on the international stage. When those successes began, observers were inclined to think them somewhat incongruous. Briand's record in internal politics was hardly an augury of sincerity in international politics. But, as his occupancy of the Quai d'Orsay continued, Briand showed very clearly that he was applying in the international sphere the best of those qualities which had made possible his peculiar achievement in internal politics.

Entering Parliament as a Deputy from the Loire in April, 1902, he obtained Cabinet rank four years later. In the Chamber of Deputies he made an almost instantaneous reputation by his oratory and by his famous report on the law separating Church and State. Yet once the separation laws were passed, Briand was the

principal supporter of a policy of appeasement. After the Dreyfus affair and the Combes Cabinet, Briand's policy was to let bygones be bygones, to forget recriminations, to assume the good faith of opponents, and to proceed on these premises. On the surface such a policy could be criticized as a lack of policy, and Briand came to be known as a maker of combinations. He seemed to be a man of no fixed political principles. His forte seemed to be in manipulating the threads which led to particular offices and which could hold together the middle groups of the Chamber for temporary collaboration.

This judgment was supported by the fact that his career showed one or two complete shifts of position. Beginning as a Socialist, in 1911 he mobilized the railway employes in order to check the threatened general strike. In his later life it was difficult to believe that a man with such conservative opinions had ever been a Socialist. The lack of confidence in his sincerity was increased by the stories of his indolence and cynicism. It was said that he never read the newspapers save when he was in office. He seemed to look on politics as a pleasant game. Differing vastly from Lord Balfour in background and education, Briand's attitude toward politics was much the same. Interestingly enough, both men in their final stages were sincere internationalists—Lord Balfour at the Washington conference and Briand at Geneva. But when one acquires a reputation for indolence and cynicism, legends spread, and if one is attitudinizing he delights in strengthening the legends. Briand did that.

The kind of Cabinet career which he had would have been impossible save in France, and the career is unique in the annals of the Third Republic. After attaining Ministerial rank in 1906 he held office in two-thirds of the succeeding French Cabinets for a total tenure of seventeen

and one-half years. He was in twenty-three Cabinets, holding at various times the portfolio of Public Instruction or that of Justice or that of the Interior. He was Foreign Minister sixteen times and Prime Minister ten times, though by some the number of Premierships has been put down as eleven. The discrepancy results from counting twice a Cabinet which is recommissioned when a new President of the republic enters the Elysée. Even as a ten-time Premier, Briand set a mark which is not likely to be soon surpassed. He was head of a government twice as many times as any other man under the Third Republic.

As Minister for Foreign Affairs Briand set a record almost as unusual as that he made as Premier, completing nearly seven consecutive years as head of the Quai d'Orsay. Having been Foreign Minister for a year in 1916 and for a second year in 1921, on April 17, 1925, he took the post again in Painlevé's Cabinet and, save for one interruption of two days—the duration of the second Herriot Cabinet in July, 1926—served in thirteen governments. Delcassé, who is usually cited as the Foreign Minister who has served longest, held the post only six times—five of the tenures being consecutive. But his continuous service at the Quai d'Orsay—from June, 1898, to March, 1906—exceeded Briand's.

Briand's career in domestic politics and the kind of man he was were his real sources of strength as Foreign Minister. During the war, although in several Cabinets and Prime Minister twice, he had no outstanding achievement to his credit. It was nevertheless his willingness to discuss a possible separate peace with Austria, which would detach the Dual Monarchy from the German system, which led to the Premiership of Clemenceau in 1917.

Briand saw clearly, in advance of any other French statesman, that Germany could not pay the impossible sums which were demanded as repara-

tions and that a great nation could not be kept in a state of perpetual nonage. He saw that the only hope of European recovery and European peace was the recognition of Germany as a member of the European community and an abandonment of the policy of treating her as a captured criminal, still subject to punishment. He tried his own policy during his Premiership in 1921, but France was not ready for it, and rather than permit the Ruhr invasion, Briand gave way to Poincaré.

When he returned to power more than four years later the Poincaré policy had defeated itself. A Labor government in Great Britain and a government of the Left in France, headed by Herriot, had reached a more cordial entente than would have been possible with Poincaré as one of the parties. Sir Austen Chamberlain, who became British Foreign Minister, continued this policy, and the Locarno negotiations were under way by the time Briand became Foreign Minister in the Painlevé Cabinet of 1925.

In his speeches during the French election campaign last April, M. Tardieu argued that the French Parliament had given Briand loyal support and that the Premiers under whom he had served had supported him well. This is true only in a sense. Briand was kept in office, but he carried out his policies in constant fear that they would be repudiated by a Prime Minister such as Poincaré or Tardieu and that the Chamber of Deputies would withdraw its support. Briand therefore had to temper his policies in order to stay in office. Despite this tempering, however, his opponents might have made him go but for three considerations.

In the first place Briand had real backing from the French people who desire peace with Germany. The principal criticisms of his acts came from the politicians and the nationalist press. Second, Briand was sacrificing no French interest. He was simply dealing with the League and with

Germany in a way which was disapproved by the politicians and the press. Third, by the time of Locarno, Briand and Stresemann in world opinion so symbolized a desirable Franco-German rapprochement and Briand so symbolized France's pacific intentions that his departure from the Quai d'Orsay would have been taken as a symbol of the triumph of French militarism. Consequently he stayed on—but more than once only by a narrow margin.

It is worth while stressing the fact that Briand sacrificed no French interest. As Dr. Curtius, the German Foreign Minister, once said to the journalists in Geneva, every statesman at the League has to play a dual rôle. He must, first of all, be an advocate of the interests of his own country. In the second place he should be an architect endeavoring to draw plans for a better international organization. The difficulty is that these rôles may conflict, and the danger is that statesmen, in order to strengthen themselves at home, will forget the international rôle altogether.

Briand did not forget, and he saw that in the international rôle it was possible for him to advance French interests as effectively as if he had a purely national view and were disregarding the interests and sensibilities of other States. His taking such a view of his functions in Geneva was quite consistent with the part he had played in French domestic politics.

In short, there were several keys to Briand's successes as Foreign Minister. He really hated war far more intensely and sincerely than did most other French politicians. His ringing phrase from the tribune of the League Assembly, "So long as I am here there will be no war," was believed by the statesmen with whom he came in contact. It was believed by the French people and the peoples of other countries. Again, as I have said, he applied to international negotiations the same qualities which he had applied in internal politics and which made him

somewhat suspect as "just another French politician." But as accommodation was necessary in forming a Cabinet or in subordinating particular domestic issues so that other more pressing issues might be tackled, so there had to be accommodation in international negotiations. He was realist enough to see that his task would not be easier by starting with the premise that Germany had caused the war and that an unrepentant Germany threatened French security. When this line is taken—as it so frequently is by the nationalist writers in Paris papers—discussion leads nowhere. It begins and ends with war guilt.

Finally, to repeat, Briand, delighting in personal friendships and liking nothing better than to exchange repartee in conversations, made friends with the statesmen with whom he negotiated. Imagine Poincaré endeavoring to learn golf from Mr. Lloyd George at Cannes or drinking beer with Stresemann at Thoiry. Imagine any one other than Briand talking with Stresemann and then agreeing with him to say to the waiting journalists, "We are absolutely in accord on the next step to be taken." It was not until somewhat later, when Stresemann and Briand had reached their agreement, that the nature of that next step became known. It had been to go to bed and sleep.

While he was playing such a rôle—and it was the best possible rôle for the period—Briand's indolence and inattention to detail did not matter. Poincaré had never been able to see the woods for the trees. Minor debating points had seemed to him more important than larger questions of policy or understanding. To play his part Briand needed in other countries statesmen who would meet him on his own ground. Stresemann had done that. Each could talk frankly to the other about his country's internal difficulties and the repercussions which particular policies might have on public opinion there. The situation

changed when Stresemann was succeeded by Dr. Curtius. Bruening, of a very different type from Stresemann, might have played opposite Briand, but unfortunately the internal situation in Germany became worse and worse. The Hitlerite movement was menacing, and Bruening's attention had to be centred on domestic matters. Dr. Curtius had a rather free hand and the result was the unfortunate customs union proposal. Had Stresemann been in power that "brutal manoeuvre," as the French called it, if attempted at all would have been attempted gently and tentatively. As it was, Briand, on record before the French Parliament as believing in Germany's reasonable intentions, was stabbed in the back.

It is much too early to venture judgment on the ultimate success or failure of Briandism. If it had been applied at Cannes there might have been no invasion of the Ruhr. If it had been applied after Thoiry there might have been no formidable Hitlerite movement. It may be said that at home Briand did not strive vigorously to secure approval of his program. That in a sense is true. He worked individually. His speeches were expressions of individual opinion. His friends among statesmen were individuals. He was content to be a symbol and he did not care greatly about the substance behind him. He did not endeavor, as did Wilson, to arouse his own people to passionate support of the ideals which he was preaching. But for the times he was the best possible Foreign Minister that France could have had. No other one in the crop of French statesmen who might have held the Foreign portfolio could have done a fraction of what Briand did. He thought time would come to the rescue of his policies. It was for this reason that he did not attempt to arouse his own people. Time may yet come to the rescue of his policies; ever since Briand's passing there have been some signs of that.

The St. Lawrence Waterway Treaty

By RALPH THOMPSON

AFTER much public discussion and diplomatic negotiation a treaty between the United States and Canada relating to the St. Lawrence waterway was signed at Washington on July 18, 1932, and now awaits ratification by the American Senate and the Dominion Parliament.

For years officials and private individuals have eagerly attempted to prove that a deep waterway from the Great Lakes to the Atlantic Ocean via the St. Lawrence River is feasible and desirable, while others just as heatedly have advanced counter arguments to establish that it is neither. Thousands of printed pages have been filled with plans for the project or denunciation of it; ambitious politicians in both Canada and the United States have endorsed or spurned the scheme as local interests demanded.

Much opposition must therefore be overcome before ratification can be achieved. Certain segments of enlightened opinion continue to insist that the waterway is unnecessary, that the introduction of ocean traffic into inland channels is commercially and physically fallacious, that the gigantic water power which will be derived from the impounded river may be obtained elsewhere, when and if it is needed, in a less expensive fashion, and that the whole business is a lobby product that may prove as much a white elephant as New York State's \$200,000,000 Erie Canal.

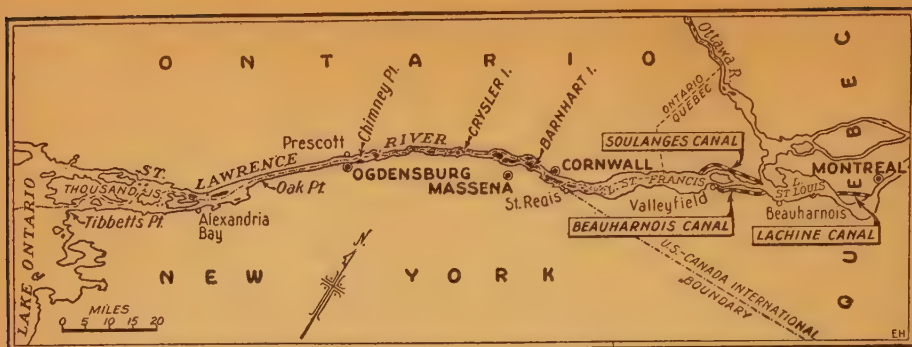
But the Governments of the United States and Canada have been convinced otherwise by expert testimony, and with the signing of the treaty by Secretary of State Stimson and the Canadian Minister to the United

States, William D. Herridge, the Great Lakes-St. Lawrence Deep Waterway received official blessing.

If the treaty is ratified and the plans it contains are carried out, it will be possible for most sea-going vessels—90 per cent of them, according to President Hoover—to enter the Great Lakes through the St. Lawrence River and to load and unload cargoes at such great ports of the Middle West as Duluth, Chicago and Port Arthur, without the expense and delay of transshipment to and from lake vessels or railroad cars. In addition, immense hydroelectric power will be generated and made available to consumers on both sides of the international boundary.

Thus simply stated, the project of a deep waterway to the heart of the continent seems eminently logical, and this very logic has appealed to the public in both countries for many years. Canadian and American representatives discussed the matter a generation ago, and shortly after the World War definite action was taken. An international joint commission to regulate questions arising along the boundary waters of the United States and Canada had been set up in 1909, and in 1920 this body was instructed to study the question of deepening and developing the St. Lawrence. Its report, published early in 1922, recommended further study of the subject, and to this end President Coolidge in 1924 appointed a national advisory board and an engineering board. Canada designated similar groups that same year.

The reports of these examining bodies, as well as those of various other specially appointed groups, were in the



THE ST. LAWRENCE RIVER ABOVE MONTREAL

main favorable to the scheme; by 1927 the waterway became the subject of negotiations between the two national governments. On Oct. 8, 1931, simultaneous announcement was made in Washington and Ottawa that preliminary conversations had been completed; on July 12, 1932, treaty terms were finally agreed upon, and six days later the document was signed at Washington.

By the terms of the treaty, a channel not less than twenty-seven feet in depth is to be opened from the heads of navigation on the Great Lakes to the Atlantic. The greatest barrier to the accomplishment of this lies in the St. Lawrence River itself, in what is officially designated the International Rapids Section—between Chimney Point and St. Regis. As for the other obstacles between the sea and Duluth, they either have been already overcome, or will be overcome by the date of the completion of the work in the International Rapids Section. From the Gulf of St. Lawrence to Montreal, a distance of about 1,000 miles, a thirty-foot channel now exists. Between Montreal and St. Regis, where the boundary line comes upon the river, three canal systems provide passage around the Lachine and Soulanges Rapids, and Canada agrees, under the treaty, to make these capable of carrying ships of the specified draft.

In what is known as the Thousand

Islands Section, between the western limit of the International Rapids Section and the outlet of Lake Ontario, the little dredging and straightening of the channel that may be necessary will be done by both nations. By Article I Canada agrees to work between Oak Point and Chimney Point, and the United States, by Article II, between Oak Point and Tibbetts Point. The passage from Lake Ontario to Lake Erie around the Niagara escarpment has been rendered available by the new Welland Canal, built by Canada at great expense. Between Lake Erie and Lake Huron and between Lake Huron and Lake Superior the existing channels will have to be deepened. This the United States undertakes to do by the time the work in the International Rapids Section is complete.

The Joint Board of Engineers in its final report, dated April 9, 1932, recommended the building of two dams in the forty-eight-mile stretch between Chimney Point and St. Regis. The treaty does not specifically discuss the building of these dams, but one is to be at Chrysler Island, the other at Barnhart Island. Canada agrees by the treaty to build and maintain a canal at the former island and the United States to provide a deep passage at Barnhart Island. Each country further agrees to construct the works required for rehabilitation within its own territory.

Article III of the treaty provides for the setting up of a temporary joint commission which will construct the dams, exclusive of "the power house superstructures, machinery and equipment required for the development of power." The United States will furnish the funds for the dams, with the provision that the equipment and labor for the work in each national territory shall be purchased from that nation. As far as the power house superstructures and machinery are concerned, these may be constructed by each nation as it wishes, on the understanding that neither shall utilize during any daily period more than one-half the available flow of water.

The following table shows the expense of the project as estimated by the Joint Board of Engineers in 1926. Much of this sum has been already expended, and the total should be actually smaller than estimated, inasmuch as unit prices have fallen since 1926. Revenues for the power generated are calculated to reduce the ultimate cost still further.

	UNITED STATES.	CANADA.
Above Lake Erie	\$56,500,000	.....
Welland Canal	.....	\$128,000,000
Thousand Islands		
Section	461,000	772,000
International Rapids		
Section	215,492,000	59,250,000
Below St. Regis	.....	82,954,000
	<hr/> \$272,453,000	<hr/> \$270,976,000

New York State, which controls the riparian rights on the American side of the St. Lawrence and which will be the chief American beneficiary of the 2,200,000 horsepower to be developed in the International Rapids Section of the river, will bear part of the cost of construction, though exactly what part is not known at present. Governor Roosevelt's Administration has long attempted to discover this cost, holding that a chief virtue of the waterway is its ability to provide cheap power to the citizens of the State.

On July 25, 1931, the New York State Power Authority, a body cre-

ated by the Legislature to represent the State in the St. Lawrence negotiations, requested a conference with Federal authorities on the question of New York's share in the contemplated expenses. Obviously the ability of the State to furnish cheap power to consumers is dependent upon what the State will have to pay for installation, generation and distribution. No answer to this request having been received from President Hoover, Governor Roosevelt on Aug. 11 wrote to Washington asking for information on the progress of the projected treaty with Canada. No reply was made to this letter. About two months later the Power Authority addressed a formal letter to the President, insisting upon the right of a State to consult with the Federal Government on a matter affecting the joint rights of the United States and one or more of its sovereign States. Negotiations began in Washington on Oct. 28, 1931.

Certain oral agreements were reached in conferences extending up to June 8, 1932, but there was no accord upon the vital point of New York's contribution to the cost of the project. On June 8 the Power Authority addressed a letter to the Secretary of State asking for settlement of this matter before the signing of the treaty with Canada; on July 9, having received no reply, the Power Authority turned to Governor Roosevelt.

The Governor immediately telegraphed to President Hoover asking for a personal conference on the differences between the State and the Federal Government. The following day, July 10, Mr. Hoover declined the suggestion, saying that the proposed treaty with Canada reserved the matter of the disposal of power for purely domestic action, and that such domestic action would have to wait upon the conclusion of the treaty and its ratification by the Senate. On July 20, after the treaty had been signed, the New York State Power Authority

advised Governor Roosevelt that in view of what had gone before, "future correspondence or conferences with the Federal Administration would be futile," and that the State had best rest its case until the hearings on the treaty before the Committee on Foreign Relations.

Some commentators suggest that politics pointing to the November elections have inspired the aloof majesty with which the Washington administration has regarded the importunings of the Empire State, while others see Governor Roosevelt as the St. George who will slay the so-called Power Trust, and President Hoover and his advisers as its thralls. The New York *Herald Tribune*, on the other hand, has gone so far as to say editorially that "it is a little silly to hint that Federal action may keep New York from getting cheap power when there is little prospect of its getting cheap power in any circumstances."

Many groups and individuals do not favor the project. Those who have worked for a Lakes-to-Gulf of Mexico deep channel, and who now see their labors nearly achieved, fear that the clause in the St. Lawrence treaty which recognizes the Supreme Court's limitation upon the diversion of Lake Michigan water into the Chicago Drainage Canal will impair the future of that highway to the Mississippi. Others feel that international agreement upon the use of Lake Michigan water sets a dangerous precedent, for such limitation (made necessary because a heavy flow into the Drainage Canal affects adversely the St. Lawrence level even at Quebec) conveys to a foreign government a measure of control over an entirely American body of water. Some advocates of the routes which were proposed as alternatives to the St. Lawrence waterway to the Atlantic—the "all-

American" route, via an enlarged Erie Canal, Lake Oneida and a new canal to the Hudson River at Albany, for instance—are still to be convinced.

In Canada there is also much opposition. Premier L. A. Taschereau of Quebec has called the project "a national crime," denouncing it on the grounds that ocean shipping will not go beyond Montreal and that Great Lakes craft can already reach Montreal. The promised hydroelectric power he terms unneeded, and he objects to giving the United States a "joint proprietary interest" in the Welland Canal. The Province of Ontario, however, is apparently in favor of the scheme and the farmers of Manitoba approve the seaway as an outlet for their grain.

Perhaps it is ingenuous to express regret over the circumstance that opposition to the St. Lawrence waterway is largely the product of those who stand to lose by its construction and that its support comes from those who stand to gain. The mid-Western farmers who have been told that ocean freighters on the Great Lakes will mean a 5-cent increase in their return on a bushel of wheat are eloquent in their praise of the treaty, as are Chambers of Commerce in such cities as Cleveland and Milwaukee.

Other Chambers of Commerce, in cities which are threatened with a loss of commerce—such as Albany, Boston and Montreal—have protested. Can it not be that a great engineering venture is in an absolute sense either desirable or undesirable to the two nations concerned? Is it not unfortunate that it should be judged largely from a local point of view and weighed principally in the scales of parochial interest? It would be heartening to believe that the fate of the waterway does not depend on that temporary alliance of selfish interests which can make the loudest noise.

The Myth of Overproduction

By HENRY HAZLITT

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THE "explanations" for the current world crisis that have poured in from all sides are numerous, but the one most firmly established in the popular mind is "overproduction." Different persons, however, mean different things by overproduction. The least sophisticated mean simply that there is just too much of everything for the world's needs. This proposition has merely to be plainly stated to reveal its absurdity. It is a way of saying that everybody is too wealthy—that we are all supplied with comforts and luxuries to the point of satiety.

A more sophisticated form of the doctrine of overproduction is that, while there are not more goods being produced than most of us desire, there are more being produced than most of us can afford to buy; in other words, that the need for the goods exists, but not the purchasing power. The first thing to be said about this belief is that, while it may often be true of this or that specific commodity, it can never be true of all commodities taken together, because the purchasing power for commodities consists ultimately of commodities.

This is perhaps most clearly recognized in international trade. We send, say, raw cotton to Japan and take raw silk in payment. To be sure, this statement represents a violent oversimplification. There is no direct barter; the cotton is not credited to the American

grower directly in terms of its value in silk, but both cotton and silk are credited to their respective sellers in terms of their value in a common denominator—gold. Each commodity represents a part of the general balance of payments between the two countries. There need not even be any direct trade balance between Japan and the United States, but simply a balance between each and the rest of the world, with the adjustment made through triangular exchange operations. Gold shipments, short-term credits and long-term loans combine to make it unnecessary that this balance be achieved in any one year. Ultimately, however, it is goods that buy goods, and this is as true of domestic as of foreign trade. The farmer's means of paying for a motor car is foodstuffs, the motor car manufacturer's means of paying for foodstuffs is motor cars. If all the commodities in the world could simultaneously be doubled, the purchasing power for them would be doubled by the same stroke. It is vital that this point should be clear, because not only is the belief widespread that what we are now suffering from is a general overproduction, but some dangerous policies are being suggested as a result of this belief.

It has been proposed, for example, that labor be immediately put on a six-hour day and a four-day week. This might be a desirable goal for the distant future, but it would certainly not provide a solution of the present crisis. The workers whose time had been cut in half would also have their incomes cut proportionately. A general immediate reduction to a twenty-four-hour week, therefore, could only

reduce production all around the circle, and leave everybody that much worse off than before.

A still more sophisticated form of the overproduction theory is that which connects it with the question of distribution. One form of the doctrine is that income is too unequally distributed. The wage earners get too little and therefore cannot buy what the factories turn out. This theory fails to explain why the factories manufacture a surplus of goods in the first place. All goods are turned out to meet either an actually existing, or an anticipated, need. The anticipation of this year's demand is based very largely on last year's actual demand, and if the demand for a certain volume of goods did not exist last year that volume is very unlikely to be produced this year. Inequality in the distribution of income, therefore, does not in itself account for overproduction.

Another form of the doctrine holds that the trouble is not merely that the wage earners at the bottom do not receive enough, but that the capitalists and rentiers at the top have more than they can spend. The latter are obliged to save the surplus; that is, they are obliged to invest it, directly or through the medium of savings banks and insurance companies, in stocks and bonds—in other words, in the creation of new factories for making more goods. The underpaid wage earner's income is not expanding to buy this constantly increasing product.

Broadly, this is the Marxian view of crises. It fails to explain adequately, however, why manufacturers should borrow money or retain a surplus to build new factories when the already existing demand is being fully met by existing factories. It also fails to explain why the rate of interest on capital has not fallen long ago to practically nothing. To be sure, it is always possible for manufacturers to become unduly hopeful in erecting new plants,

but this mistake would be discovered and corrected within a few years. Most likely the mistake, if made on a wholesale scale, would be discovered through resulting depression. Even so, the foregoing doctrine would not explain how new demand constantly arose not only to utilize the new factories again but to lead to the creation of still more factories.

The most defensible form of the theory is that which connects overproduction with *shifts* in distribution. Let us assume that there is a period in which the owners of businesses are receiving larger profits and wage earners lower wages—in terms of purchasing power—than formerly. In that case there already exists a productive equipment to take care of a certain mass demand. When that demand is not forthcoming, temporary stagnation results. This stagnation may even be intensified because the owners of businesses would probably have been temporarily reinvesting at least part of their increased income in new capital undertakings.

Some students of the situation believe that this is the explanation of the present crisis. The immediate evidence, however, does not clearly support this belief. Even after allowance is made for the increased cost of living, and in spite of the fact that the actual hours of the working week were lower, the real weekly wages of factory workers showed an increase of 42 per cent in 1929 compared with 1914. The index of such real weekly earnings in twenty-four manufacturing industries, as compiled by the National Industrial Conference Board, was as follows for the second quarter of each year listed:

1914	100	1926	129
1923	135	1927	133
1924	129	1928	135
1925	129	1929	142

Not only was there no decline in factory wage rates in terms of living costs over the seven-year period 1923-29, but there was an actual advance.

These figures, of course, do not in themselves settle the question. We should have to know the comparative amount of net unemployment for each year during the period, exactly how great was the gain in industrial profits, what happened to the real income of farmers and the white collar classes, and so on. All that can be said is that, though we may make some shrewd guesses, we do not yet know precisely to what extent the shift in the income of various classes within the United States may have contributed to the present crisis.

Must we, then, dismiss "overproduction" entirely when it is cited as the cause of the present, or even of any previous, depression? We must when the term is used to mean a *general* overproduction, but when it refers to a *specific* overproduction the case is different. Obviously, there are some commodities that have been overproduced in recent years. One of the clearest examples is wheat, the excess production of which was brought about partly by the World War and partly by the Russian revolution. When Russia's international disorganization made it impossible for her to supply wheat for the export market, the other wheat-raising countries of the world, principally Canada, the Argentine, Australia and the United States, greatly increased their crops to make up the deficiency.

Outside Russia the mean annual wheat production of the world from 1909 to 1913 was 1,807,000,000 bushels; in the years from 1926 to 1930 it was 2,433,000,000 bushels, an increase of 626,000,000. Russia's average crop in the years just preceding the war was 757,000,000 bushels, or nearly 30 per cent of the total world crop. The Russian crop fell in 1921 as low as 205,000,000 bushels; since then there has been a rapid rise, and the crop in 1930 was 1,032,000,000 bushels—even larger than that which would be called for by the pre-war proportions. The demand, on the other hand, is

relatively fixed. The consumption of wheat does not increase in the same ratio as world purchasing power. The man who has achieved a \$10,000 annual income does not eat ten times as much bread as when he had a \$1,000 income. Indeed, for people above the starvation level the consumption of bread is very little affected by changes in wealth and income. The case for the overproduction of wheat is clear.

But—strange as this may appear—it is seldom easy to establish the existence of a specific overproduction. Certainly we cannot do so merely by comparing the figures of the annual production of a commodity without reference to other factors. Take, for example, the number of millions of cigarettes turned out in the United States for a series of years:

1915	17,939	1925	79,951
1917	34,804	1927	97,170
1919	44,771	1929	119,030
1921	50,867	1930	119,640
1923	64,249	1931	113,400

Here the current production grew each year by leaps and bounds; but there has been no overproduction; the price fluctuations have been minor, and the cigarettes have been sold.

Whether any given commodity is being produced in excess or not can never be determined merely by knowing the absolute volume of production, but only by knowing the relation of this production to the demand. In 1920, 75,000,000,000 cigarettes would have represented a gross oversupply, but today it would mean an enormous "shortage."

Most producers complain of an "oversupply" of their particular commodity whenever their profits do not satisfy them—which means that they complain of an "oversupply" most of the time. And they are of course right in so far as the price of their commodity would be higher, and their profits consequently greater, if their competitors made less of it. From a more objective standpoint, it may perhaps be said that supply is "right" when producers are making normal

profits, that there is a "shortage" when they are making unusually high profits, and a "surplus" when their profits are unusually low or when they are actually compelled to sell at a loss. This, indeed, is in general the sense in which these terms are used by business men and in trade journals. "Overproduction" here means merely that more goods of certain kinds are being produced than could be sold at a profit. But does this really tell us anything about specific overproduction? Either a rise in costs of production or a *general* fall in prices or demand will affect profits from a given product regardless of whether or not there is a specific oversupply of that product.

It is important to remember that even if all wealth were equally divided we should still at times probably have overproduction of *specific* goods, that is to say, *unbalanced* production. And this problem of unbalanced production, it must be pointed out further, exists not merely under a capitalist system but would exist under communism, or even as applied to a Crusoe on a desert island. It would be foolish for such a Crusoe to raise more vegetables than he could eat. He would much better devote part of his labor to fishing and hunting, to improving his shelter or to building a boat. Too much time given to any one thing at the expense of others would be a waste of labor.

This very delicate balance in the production of innumerable goods and services must be maintained in a great society. Under capitalism the main reliance for this balance is prices, which under competitive conditions perform—not always satisfactorily—somewhat the same function as the thermostatic control of an oil heater. When a certain class of goods is being "overproduced," the price falls. It usually continues to fall until it is below the cost of production of the weaker or less efficient producers, who are compelled to close down, thus reducing the supply of that class of

goods. Unfortunately, if the particular industry that has been overproducing is a large one, the decline in that industry will be likely to unsettle other industries. If it is a manufacturing industry it will hurt the raw material producers by reducing its purchase of raw materials; the stockholders who lose dividends and the workers who are thrown out of employment will cut down their purchases of other finished goods. This process may spread in an ever-widening circle, and thus produce an illusion of "general overproduction."

It is often said that the real trouble has become, not overproduction, but underconsumption. Such a statement seems on its face to be much nearer the truth, but whether it is or not depends on its implications in the mind of the person who makes it. If he means, as most persons who use the phrase seem to mean, that people have suddenly reduced their buying merely through some perverse timidity, he is greatly mistaken. The incomes of many people have declined, and the rest feel, justifiably, that their incomes are less secure than they were. Reduced retail buying is therefore rather a consequence than a cause of depression. The cure of depressions is to be sought somewhere else than in direct campaigns to stimulate retail buying.

We may obtain some further light on the question by analyzing some special branch of trade—say the motor car industry. Let us begin with a table of the annual production of passenger cars:

1900	.....	4,200	1926	.....	3,948,800
1905	.....	24,600	1927	.....	3,083,100
1910	.....	181,000	1928	.....	4,012,100
1915	.....	895,900	1929	.....	4,794,900
1920	.....	1,905,600	1930	.....	2,910,200
1923	.....	3,753,900	1931	.....	1,972,800
1925	.....	3,870,700			

For many years the same type of situation existed in the motor car industry that still prevails in the cigarette industry—a constant growth in consuming demand in good years and bad, far exceeding the growth in population or in total purchasing

power. The "saturation point," however, so long discussed by statisticians and economists, has in the last few years been approximately reached. Hereafter the industry will find it safest to count, not on new buyers, but almost entirely on "replacement" demand. The problem becomes: What is now to be considered a "normal" replacement demand?

The simplest—though not quite the most accurate—way to calculate this is to decide what is the average life of an automobile and to divide the number of years into the total number of registered passenger cars. Thus there are about 23,000,000 registered passenger cars in the country. If the average life of a car were four years this would mean a replacement demand of nearly 6,000,000 cars a year—far higher than the total has ever reached. If the average life of a car were six years the replacement demand would still be nearly 4,000,000 cars a year, and it must be remembered that a six-year average implies keeping many cars on the road eight and ten years or longer. Sales could remain as low as those in 1931 only on the absurd assumption that owners could make their present cars last an average of twelve years. Obviously there has been no overproduction of motor cars in the last two years; on the contrary, by any statistical standard it is reasonable to apply, there has been a distinct shortage.

But now we begin to glimpse how little production has to do with "need" and how much with purchasing power. Owners everywhere are keeping cars in use that in other times would have been junked long ago. Hundreds of thousands of people would not buy new cars now even if their present cars should stop running altogether. Here we see the fallacy of the whole argument that revival is bound to come when consumers are "obliged" to buy new clothes because their old ones have become too shabby, or when railroads are "compelled" to replace worn-out equipment and repair their

roadbeds. The theory does not tell us where the buying power is to come from. At least people in the automobile industry can have this consolation: when revival does set in there will be, in addition to the ordinary demand, a very heavy accumulated demand for motor cars. Steel, too, and other basic industries will benefit from this deferred demand, as the railroads as well as the motor-car manufacturers again enter the market. Yet there can be, of course, no accumulated demand for cigarettes, drinks, foodstuffs and such articles.

The most flagrant cases of overproduction occur in agricultural products and in raw materials rather than in manufactured goods. One reason is that manufacturers rarely produce for a merely anticipated demand, but wait for actual orders. The individual farmer, however, is obliged to produce what he can and take his chances. His production is subject to all the vagaries of nature—drought, excessive rainfall, frost, parching, plant diseases, insect pests, tornadoes, floods—and if he escapes the worst of these he may confront the even greater disaster of excessive crops and unsalable surpluses. Farming is the most inelastic and the most unadjustable industry on earth. That it has been far more a victim of the current depression than the manufacturing industries is sufficiently shown by the fact that agricultural prices have declined much more violently than prices of manufactured goods. The somewhat facile apostles of economic planning, who inform us so often how they would regulate manufacturing, might tell us more about how they would solve the farmer's vastly more baffling problem. But whether they tell us or not, it is reasonably clear from this brief survey that to the extent that our present troubles were brought about by abnormalities of production, they are the result of lack of balance in production and not of "an oversupply of everything."

England's English—and America's

By HARRY MORGAN AYRES
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IT requires no special gift or training to observe that there is in English as spoken a very considerable variety. But it would be rash to conclude that the fact of variety is recent and progressive. There has always been variety—in the days of King Alfred, of Chaucer and of Shakespeare. Even the comparative scantiness of the records cannot conceal this fact, and if we had them in the same abundance from those far-off days as we have them for more recent times we should be still more impressed even than we are with the comparative uniformity of present English. The surviving variety is only a small part of what might have come to us if there had not been powerful forces constantly reducing it, such as the prestige of the literary practice of King Alfred's Wessex, of Chaucer's London and Shakespeare's, the increasing mobility of the population from place to place and class to class, the spread of print, the widening of educational opportunity, the zeal of the schoolmaster and the urge to social conformity. More recently, with the phonograph, the radio and the talking pictures, uniformity of speech cannot but be in some degree still further promoted. These modern activities will at least keep other parts of the English-speaking world informed of American practice, just as a certain type of British practice has long been widely known through the spoken drama.

But though all this makes for uniformity, the pull is by no means in one direction. There are regional loyalties—a Scot, a Virginian, a Bostonian, an Oxford man may rejoice in his dif-

ferences and wish to keep them. There are class loyalties, and the distrusts and dislikes of one social level of another and of its speech. There is the altogether proper indisposition to move too far from what appears to be the speech of one's neighborhood. Fashions, too, come and go in language as in other human activities. Yet, on the whole, uniformity has, through the centuries, made notable gains, and will, in all probability, for better and for worse as it may seem, continue to do so. To cite only one example, the vocabulary of railroading differs widely between England and America, of motoring less so, and of flying least of all.

The prophets, then, who on every hand see change and decay, threatening a disintegration that will destroy intelligibility, are not likely to be justified by the event. With such English as we have, more people can comfortably hold converse than in any medium yet possessed by man. Its variations do not profoundly affect intelligibility, such as would have been the case if the historic regional dialects of England had kept their vigor, as the regional dialects of Italy have done, necessitating the possession by pretty much everybody of two languages, a common literary language and a native dialect. But even so, with all its uniformity, there is still sufficient variety in spoken English to cause remark and to warrant the student in continuing to make such distinctions as may clarify thinking on the subject.

To this end there are several approaches that are far from helpful. One is the old habit of the British

critic, now happily on the wane, of assuming that all American books must be full of vulgar neologisms and citing in proof of it every word and expression he did not at the moment remember having heard before; a most melancholy chapter in the long history of human ignorance and perversity. A sprawling democracy may escape some of the faults of a smug insularity, but it has its faults in bumpiousness, carelessness, insensitivity to standards, impatience of discipline, dislike of whatever smacks of superiority, with a resulting tendency to regard anything in language that is better than the worst as a disloyal and ridiculous imitation of the British. From this clash has grown the habit of setting up two wholly arbitrary concepts, British English and American English, as if they were each completely ascertained and entirely self-consistent and between them contained the sum of variety that is exhibited by English as a whole. By identifying "British English" with that of the ablest writers and most carefully trained speakers and "American English" with its least literate manifestations, and by implying that American English marks in each case an innovation, a very striking contrast can indeed be made out, and much sorrow—or joy—extracted from it, according to taste.

None of these methods of going to work is sound or helpful. The only hope lies in continually restating the problem in historical terms. In so doing there comes instant release from the necessity of proving something better or worse than something else and attention at once focuses on how things came to be as they are. This may seem cold counsel to the "improver" of speech, to the propagandist and the patriot, but there *are* historical facts which cannot be escaped, and there *is* a historical method for dealing with them, all of which, far from denying the chance of "improvement," clears the only firm ground for it.

A single word *schedule* will illustrate most phases of the problem. It is a genuine shibboleth; a war could be fought over it. But it would be idle to tell the English that their pronunciation *shed-* is not older than the middle of the eighteenth century and that it lacks the support of those analogies that are generally controlling in English words. It is idle because they love it; the destinies of the empire hang on it, and they are not going to change it. It may be of some comfort to Americans to tell them that since *schedule* is spelled like a Greek word and Greek has a form, though a late one, ultimately related to it, the word has a natural pronunciation with *sk-*, like *school* and *scheme*. It is perhaps idle to tell anybody, with a view to having something done about it, that because the word came into English from the French, it was long pronounced in English as *sedule* and so written. It might very well have kept this older pronunciation even after it was pedantically written *schedule*, just as the word *schism* has done; but here spelling has had its way, though in different directions, on both sides of the Atlantic, and he would be a rash man who sought to restore the older pronunciation to use.

One observation which may be regarded as illustrated by the above example is the insignificance of the differences in comparison with the emotion that attaches to them. Quite recently the British Broadcasting Corporation issued the second edition of its list of some five hundred words of doubtful pronunciation. Not more than half a dozen of these recommendations could be said to be British as opposed to American; that is, the same doubts assail all speakers of English, and the resulting diversity of practice is about constant in both countries. *Caisson* pronounced *cas-sóon* may be merely a bit of army swank, just as *doctri'nal* is the affectation of certain high church ecclesiastics, and surely not used by many

Englishmen. *Geyser* is not very commonly called *geezzer* in America, but the particular kind of hot-water heater which the English so name is also not common in America. The English have tended to prefer the Latin (that is, of course, the old-fashioned school Latin) type of pronunciation in *docile* (*do'syle*), *fertile* (*fer'tyle*) and now British broadcasters are taught to say even *missile* (*mis'syle*). On the other hand, the English used to be fond of French pronunciations like *trait* or *portrait* without the final *t* and *vase* as *vawze*, but in the new list some recent French words are pretty vigorously anglicized, as the more or less phonetic spellings *sho'fer* for *chauffeur*, *gar'redge* for *garage*, *kwestionair'* for *questionnaire*, and *commew'nikay* for *communiqué* will indicate. The broadcasting corporation recommends what used to be thought the vulgar pronunciation *marjareen* for *margarine*, but atones for it by being a little old-fashioned in *kwndai'ry* for *quandary* and *faw'con* for *falcon*. *Hotel* has its *h* back, and if this means that Englishmen are now going to follow the radio announcers in pronouncing it the long catalogue of American sins is reduced by one, and spelling achieves another triumph.

It would be possible to keep on whittling away after this fashion until the differences between American and British English might almost seem to disappear or to be about to do so. It would be possible to say, for example, that American girls of a generation ago annoyed the English by their use of *cunning*, but that the girls of nowadays have largely dropped the expression, which at best hardly rose above the level of slang, like the English *jolly*. And even slang does not seem to be the cause of diversity it once was; it is the one commodity of which the international exchange shows in these days a marked increase. Of the well-authenticated and oft-quoted Briticisms, *different to* has surely lost ground to *different from*,

and the worthy old Americanism *back of*, since it does seem to Americans to mean something different from (or to) *behind*, is making a better place for itself in the world.

And yet with all abatements differences exist; the discussion is not entirely without grounds. Though much of it arises from confused notions about that variety that is inherent in English as a whole, there are still points to be made. One is the matter of spelling. The rules of English printing houses differ from the American in several well-known particulars. But it is not necessary to read many volumes of the published correspondence of famous Englishmen to discover that they write with the pen fewer *-ours* and more *-ors* than the printers' rules prescribe. And the English printers use fewer *-ours* than Dr. Johnson's dictionary prescribed, so that all there is to be said is that the simplification of Dr. Johnson's spelling, notably of the doubled consonant in *traveler* and the like, has proceeded just a shade further in America. In this matter the securing of uniformity throughout the English-speaking world would be simple, though not easy, but it is obvious that the British book market derives substantial protection from the situation as it is and can hardly be expected to move for a change.

Of far more importance than slight differences of vocabulary and spelling is the matter of intonation. Here the range of variety is much greater in England than in America, but it is possible to set up a distinction between the two that will hold. The British utterance has a richer tonality, a greater tenseness, a wider spread of pitch and speed than the American. To take once more a very simple example, the American pronunciation of the word *secretary* may, like the wounded snake, trail its slow length along, while in some Englishmen's speech the word more resembles the

expiring hiss and gasp of that renowned literary reptile. Much the larger part of both Englishmen and Americans would be found a long way from either of these extremes, between Oxford and Cambridge on the one hand, and, say, Vermont on the other. But at the best the language as spoken by the American voice strikes the English as thin, flat and uneventful, and the Englishman's manner of speaking is likely to seem to the American affected and a little ridiculous. A retreat by both extremes toward the mean would certainly do no harm.

Now, there is no reason to think that the orchestrated effect that characterizes the upper levels of English speech is very old, that it was part of the language at the time of the great dispersion in the seventeenth and eighteenth centuries. Neither are some of the characteristics of the present Cockney dialect very old; it is not the same language that Dickens records, and he, if any one, knew the metropolitan speech of the early nineteenth century. So that there can be no question of American corruption even on this point, though there may be a failure to rise to somebody else's esthetic standards. It could not be proved that any single type of pronunciation found in America was invented there; it was all brought from England. One result of this fact is that it is a common experience of American travelers in the rural parts of England to come upon something much resembling American speech in the mouth of some rustic whose ancestors had never strayed far from their native village. But while some travelers report this kind of encounter as having taken place in the eastern counties, others experience the same sort of thing in the west of England, or in the midlands. The evidence they bring, however, is difficult to value. The documentary evidence for the birthplace of the earliest immigrants points in the direction of

the eastern counties, with London as a distributing centre for settlers from perhaps other regions.

If it is true that America was settled by people of prevailingly one regional type of dialect which has colored the whole body of American speech, the only chance left of ascertaining this region is for some one with the American tunes—since it is so largely a question of tunes—clearly in his head to journey about England with his ears open and a phonographic recording machine with which to bring back his evidence.

The same experiment would be worth making in the Appalachian and Ozark Mountains of America, where an uncontaminated Elizabethan speech is said to linger. Reports concerning it have a rather romantic tinge, implying that a kind of Shakespearean mentality exists among these mountaineers as well. It is not quite explained how and where these qualities of mind and speech were kept unsullied by the many years that must have elapsed between the days that by the widest license could be called Elizabethan and any date at which these good folk could have reached their present fastness. But there are beyond a doubt some archaisms in their speech—that is, some words and expressions that have pretty generally fallen out of use everywhere else. There are genuine archaisms also in standard British, like *clerk* pronounced *clark* or *lieutenant* pronounced *lif-* or *liv-*. These pronunciations were once common in America also, but have now disappeared. America, too, has its archaisms, like *Fall* for *Autumn*, and *guess*, which were once common in England, but now seem unfamiliar to stay-at-home Englishmen. Quite recently I chanced on an unsuspected body of archaisms in the English of Bermuda, notably the interchange of *v* and *w*, best known from the pages of *Pickwick Papers*, but once a widespread "fault" in both England and

America. There too I found a society in which the so-called broad *a* is characteristic of the lower class whites and the Negroes, and the so-called flat *a* of the better-educated classes, presenting a picture of what in this respect English everywhere was at the time it was carried to the American wilderness.

The English language has had a singularly natural and untrammelled growth. The lexicographer has done something to confirm practice, but he has not noticeably altered its course. Noah Webster made Americans "spelling conscious," and in the matter of language they have always been "school conscious," as against the English tendency to rely on family or on neighborhood tradition. But in both England and America alike there has been a middle-class tendency away from the easy carelessness of the eighteenth century toward a pronunciation more nearly conforming to spelling, and the "dropped *g*," for example, in *goin'*, which probably no English-speaking person pronounced two hundreds years ago, and no Bermudian pronounces today, is now fairly generally restored, except at the bottom and, in England, the top of the social scale.

Noah Webster began in 1789, partly out of patriotism, partly as the result of rather needlessly comprehensive ignorance of the facts of language and language history, by advocating a large number of dialectical pronunciations, many of which he abandoned as he proceeded to his great diction-

ary of 1828; a succession of editors has abandoned most of the rest. Joseph E. Worcester (1830), going in the opposite direction toward an approximation to British standards, had much better luck in choosing the types that were destined to survive. If Americans had had no dictionaries of their own and had remained a small instead of becoming a numerous people, it might be argued that their present practice would be closer to the English. It might, in a few details; but the case of Bermuda, which, in spite of its close English affiliations, has refused to follow changing British standards and has in large measure retained the language the first settlers brought with them, would suggest that American English may owe some of its self-consistency to the lexicographer but no degree of its divergence from the English of today. That divergence arises from a sum of forces the analysis and description of which we call history; something which the lexicographer has been at breathless pains to follow and record as best he can.

History, however, like Nature, will not answer foolish questions; it has the merit only of revealing by its silence their essential folly. History smiles benignly upon both *centre* and *center*, and indeed upon the utmost simplicity of the spelling simplifier and the most cumbersome inconsistency of the conservative. But it is wisely reticent as to which is right, or better, saying, in effect, settle it your own way and *make* history.

Current History in Cartoons



"The job's taken!"
—Baltimore Sun



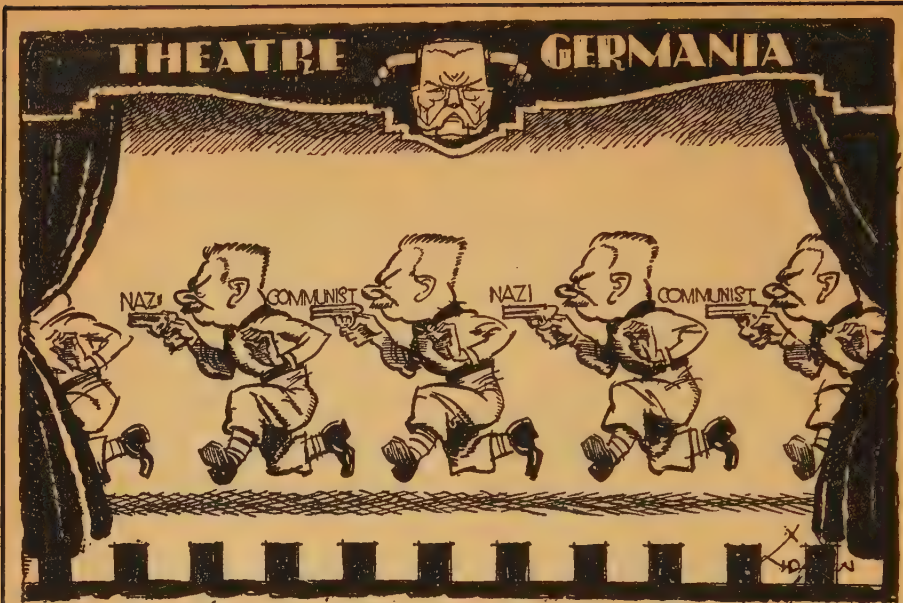
How firm a foundation?
—New York Evening Post



That threatened eclipse
—New York Herald Tribune



As sung by the two parties
—Brooklyn Daily Eagle



Continuous performance now
going on
—Glasgow Evening Times

"Gosh, how those
cubs have
grown!"
—Cleveland Plain Dealer



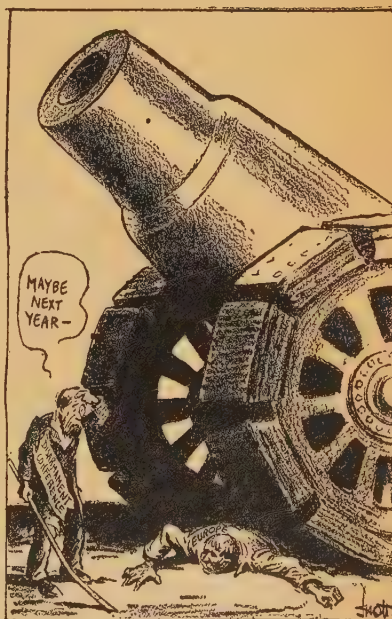
"So you've been drinking again!"

—London Star

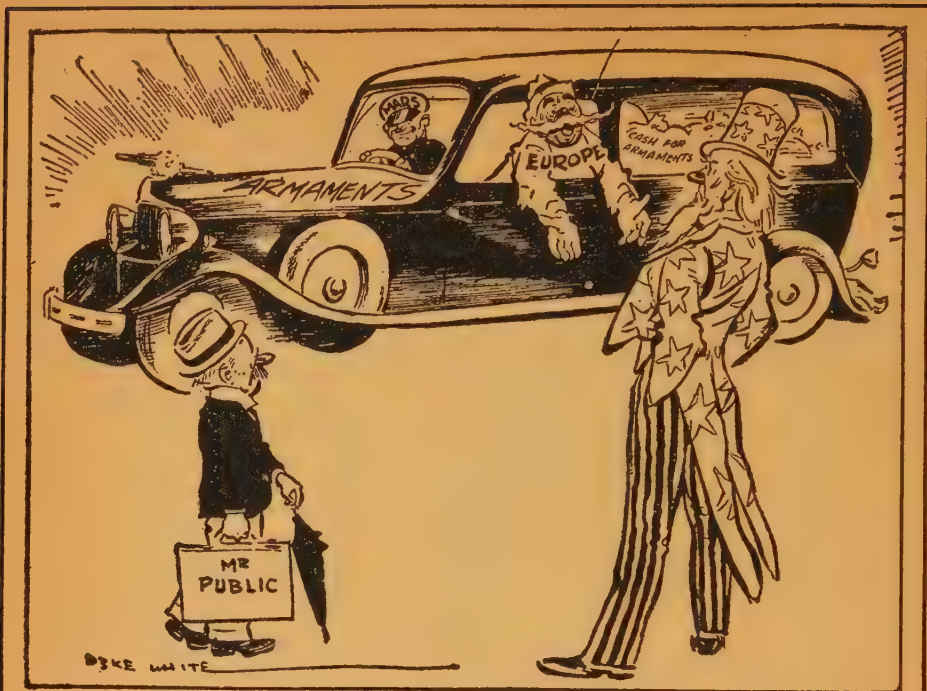


We are blind if we do not begin now to face it

—Des Moines Register



No relief
—Dallas News



"Help me! I
am starving
and can hardly
pay my chauff-
feur"
—Glasgow
Record



"But these
war debts
reek of blood"
—Kladder-
adatsch,
Berlin

A Month's World History

America and the Pact of Paris

By JAMES THAYER GEROULD
Princeton University; Current History Associate

THE address of Secretary of State Henry L. Stimson before the Council on Foreign Relations delivered in New York on Aug. 8 (the text of which is printed on pages 760-764 of this magazine) marks another step in the crystallization of the policy of the United States regarding the Pact of Paris and its specific application to the Sino-Japanese dispute.

The first enunciation of policy bearing on this dispute was contained in a note sent to the governments of Japan and China by Secretary Stimson on Jan. 7 stating that the United States could not admit the legality of any acts accomplished in violation of the commitments involved in the Pact of Paris and the Nine-Power Treaty embodying the open door policy (see *CURRENT HISTORY*, February, 1932, page 755).

The next development came on Feb. 24 in the form of a letter from Secretary Stimson to Senator William E. Borah, chairman of the Senate Foreign Relations Committee (see *CURRENT HISTORY*, April, 1932, page 58). In this communication the Secretary of State reaffirmed his previous position, and in addition declared that a similar attitude by the other governments of the world would effectively prevent the legalization of any acts which violated treaty obligations.

In his speech of Aug. 8 Mr. Stimson further interprets the Pact of Paris by insisting that a consultation of the signatory powers is inevitably implied

whenever there is a threat of a violation of its provisions. Delivered but a few weeks before the meeting of the League of Nations Assembly and the issue of the report of the League's inquiry commission in Manchukuo headed by the Earl of Lytton, this interpretation of the pact has been taken by some to mean that the United States unequivocally disapproves of Japan's activities in China and desires to bring world-wide moral pressure to bear upon her.

The first reaction of the Japanese Foreign Office to the address was that Mr. Stimson, by implication, had accused Japan of aggression. For a short time it appeared that a protest might be made. However, the matter was apparently satisfactorily adjusted in conversations between Mr. Stimson and Ambassador Debuchi.

The speech contained several important features in addition to the statements on the Far Eastern situation. Premier Herriot of France, who is also Foreign Minister, welcomed particularly the section regarding the need for consultation. "I recognize once more," he said, on Aug. 10, "the sincerity with which the Secretary of State has sought to give the pact its full efficacy by urging consultations should the necessity arise. It is very valuable to us to hear it said that in the opinion of American statesmen this pact already involves in itself the necessity for these consultations."

This feeling was echoed in Geneva,

where, in League circles, it was thought possible that the United States might be willing to enter into some sort of consultative pact in connection with any treaties agreed upon at the Disarmament Conference. There was also the opinion that a modification of the Monroe Doctrine was involved. In general, it was felt that the pact had been strengthened.

LAUSANNE REPARATIONS TREATY

The treaty signed at Lausanne on July 9 has swept away the fantastic structure of reparations which was one of the major causes of the economic crisis from which the world still suffers. Despite the fact that the Gentlemen's Agreement makes ratification contingent on a readjustment of their war debts to America, no one for a moment supposes that payments will be resumed in any circumstances. The settlement involved heavy sacrifices on the part of the countries which had been beneficiaries of the reparation payments; sacrifices which they are willing to make, not because of any philanthropic desire to aid Germany, but because they were convinced that, in their own interest, they had more to gain from the removal of this barrier to the revival of economic activity.

Whether we like it or not, and there is abundant evidence that we do not like it at all, the people of the United States must decide, within the next few months, whether they are willing to pay the necessary price in a reduction of the debts for the restoration of normal conditions. However large the price may be, it is insignificant in comparison with the benefits which would accrue from a return of normal economic conditions.

Officially, the American Government maintains its attitude of aloofness, but it is an open secret that it is very well aware that the legalistic attitude can no longer be maintained. It must, however, move with great cau-

tion. It is exceedingly anxious, and very properly so, that the war debts should not become a party issue. The Republican platform was wisely silent regarding them, and it is greatly to be regretted that a non-cancellation plank was forced into the Democratic platform. Mr. Roosevelt, in commenting on the platform, has taken the ground that with a proper reduction of the tariff and the resumption of trade it will become possible for the debtor nations to meet their obligations. The fact that both parties are, in a sense, committed against cancellation does not imply that nothing can be done about it. Though "cancellation" is now a political impossibility, "revision" may not be very far off.

There is reason to believe that the administration is adopting an entirely benevolent attitude toward the campaign initiated by Dr. Nicholas Murray Butler's statement on July 17 and by Senator Borah's speeches of July 23 and Aug. 3. Both men, while nominally Republican, stand a little outside the party ranks. While Senator Borah makes it clear that his views are personal rather than official, his position as chairman of the Foreign Relations Committee gives his words great weight. When he argues that the depression has already cost the American people \$150,000,000,000 and has produced a national deficit of \$2,600,000,000, the annual debt payment of \$250,000,000 seems of secondary importance. If we can buy a balanced budget and national prosperity at that figure, we will be getting a very good bargain.

"But do not misunderstand me," Senator Borah said in his Minneapolis speech. "I am not in favor of readjusting the debt or canceling the debt until and unless the World War problems are adjusted, until the reparations question is thoroughly settled, until the question of war guilt is finally settled, until the question of armaments is finally settled. I am not in favor of offering something

until I have reasonable assurance that there will be a return of prosperity to the American people."

There has been a good deal of unnecessary, and not altogether sincere, excitement over the Gentlemen's Agreement which accompanied the conclusion of the treaty at Lausanne. To call it a secret agreement is disingenuous. The facts are these: France wished to have a safeguarding clause written into the accord, but the British and the Italians would not admit it. As a face-saving device, to make the political situation of M. Herriot a little easier, a *procès-verbal*, which came to be known as the Gentlemen's Agreement, was initiated on July 2, by virtue of which formal ratification is made contingent upon a satisfactory settlement of the war debts to the United States. While this *procès-verbal* was not formally communicated to the German Government until July 9, references in the dispatches show that von Papen was acquainted with it before the final agreement was reached. It is entirely probable that our representatives at Geneva, unofficially of course, were also informed of it.

While, as a matter of fact, the powers will doubtless consult among themselves regarding their debts, as in any case they have a perfect right to do, the terms of the *procès-verbal* provide only that Great Britain, France, Italy and Belgium are obliged to ratify only after "a satisfactory settlement about their own debts." The method by which the United States is to be approached remains in doubt, but that they will deal with us individually, rather than as a group, there is no question.

There has been a tendency to confuse the Gentlemen's Agreement with the so-called Anglo-French accord communicated to the House of Commons on July 13. The text of this agreement is as follows:

In the declaration which forms part of the final act of the Lausanne conference

the signatory powers express how the task there accomplished will be followed by fresh achievements. They affirm further that success will be more readily won if the nations will rally to a new effort in the cause of peace, which can only be complete if it is applied in both the economic and political spheres. In the same document the signatory powers declare their intention to make every effort to resolve the problems which exist at the present moment or may arise subsequently in the spirit which has inspired the Lausanne agreement. In that spirit his Majesty's Government of the United Kingdom and the French Government decided themselves to give the lead in making an immediate mutual contribution to that end on the following lines:

First, in accordance with the spirit of the Covenant of the League of Nations they intend to exchange views with one another with complete candor concerning, and to keep each other mutually informed of, any questions coming to their notice similar in origin to that now so happily settled at Lausanne which may affect the European régime. It is their hope that other governments will join them in adopting their procedure.

Secondly, they intend to work together and with the other delegations at Geneva to find a solution for the disarmament question which will be beneficial and equitable for all the powers concerned.

Thirdly, they will cooperate with each other and other interested governments in careful and practical preparation of the world economic conference.

Fourthly, pending negotiation at a later date of a new commercial treaty between their two countries, they will avoid any action in the nature of discrimination by one country against the interests of the other.

There are various opinions as to the significance of this document. That it relates only to questions "which may affect the European régime" is clear. It was at first considered to be a revival of the Entente Cordiale, but the subsequent adherence of Germany, Italy, Poland and nine other nations gave it quite a different character. In some quarters it is thought to mean a revival of Briand's European union scheme, which has been dormant since his death. Germany evidently intends to attempt to use it for the further liquidation of the Versailles treaty, as she has officially informed the British Foreign Office that this means would

be used to open negotiations for the right of full equality in armament.

THE ARMS CONFERENCE

The resolution adopted by the Disarmament Conference on July 23 is a report of progress. However much it may be regretted that it contained so little that is specific, and registered so few positive decisions, it is, nevertheless, an important and highly significant fact that under existing conditions, highly explosive as they are, so large a degree of agreement could have been reached. When the conference assembled in February, it was freely predicted that it would be a complete failure, that the tension in Europe, to say nothing of that in the Far East, would stiffen the resistance of all the great nations to any modification of the positions incorporated in their national programs.

Nevertheless, the discussions have been conducted throughout in an atmosphere of good feeling and with a desire to obtain positive results that cannot be questioned. There has been plain speaking at times, but the result has been to clarify rather than to confuse. It is significant that, whereas a few months ago the word "limitation" appeared most frequently in the discussion, the emphasis has now shifted to "reduction." The preamble of the resolution expresses a determination "to achieve * * * substantial reduction of armaments on the basis of Article VIII of the covenant * * * and as a natural consequence of the obligations resulting from the Briand-Kellogg pact." The word "reduction" appears repeatedly through the document.

The purpose of the resolution, so its text states, is "without prejudice to more far-reaching agreements hereafter, to record forthwith the following concrete measures of disarmament which should form part of the general convention to be concluded, * * * to establish certain principles as a basis for further reductions of armaments,

and to determine the procedure necessary for the active prosecution of its work."

No one of the problems confronting the conference is so difficult as that involved in the proper regulation of the air forces. The attempt to draft a statement that will limit the construction and employment of military aircraft without hampering the development of civil aviation, is almost impossible. The conference records its determination, nevertheless, that "air attack against civilian population shall be absolutely prohibited"; that "there shall be effective limitation by number and restriction by character of military aircraft"; that "civil aircraft shall be subject to regulation and full publicity"; and that such aircraft as does not conform "to specific limitations shall be subjected to an international régime."

Land artillery is to be limited in number and in calibre. An effective method is to be sought "to prevent rapid transformation of guns on fixed mounting into mobile guns." Maximum limits are to be established for coastal guns, those in frontier fortresses, and for mobile land guns. Chemical, bacteriological and incendiary warfare is to be prohibited under the conditions unanimously recommended by the special committee. A permanent disarmament commission, with supervisory powers, is to be established. No reference is made to trained reserves, but "strict limitation and real reduction of effectives shall be brought about." The principle of limitation and publicity of defense expenditures and of the private manufacture of arms is accepted.

Regarding naval armament, the conference recommends a further discussion, among the powers signatory to the Washington and London treaties, "as to further measures of naval reduction which might be feasible as part of the general program of disarmament," and among the other powers as to "the degree of naval limita-

tion they are prepared to accept in view of the Washington and London treaties."

The resolution was passed by a vote of 41 to 2, Germany and the Soviet Union dissenting and eight nations abstaining. Both of the negative votes, and probably all of those that were not cast, represented a conviction that the resolution was too weak rather than too strong. Count Rudolf Nadolny, the chief German delegate, declared that he could not vote for the resolution since it did not embody the principle of equality of armament, or, in other words, the nullification of the limitations imposed on Germany by the Versailles treaty. Italy refused to vote for the resolution on the ground that it was "vain" and entirely inadequate, specifically since it did not establish principles for the settlement of the Franco-Italian naval dispute.

The British alternative to Mr. Hoover's proposal is being severely criticized at home. There is very plain speaking both in the *Economist* and in the *Week End Review*, to say nothing of the more radical journals. "If Ministers have no intention of disarming," says the latter journal, "let them say so, instead of repeating worn-out cant by the hour." The *Economist* concludes a most unfavorable analysis of the government's proposal: "In short, the British counter-proposals, instead of helping or improving the Hoover plan, go far to wreck it."

The substance of the difference between the Hoover and the British plans is the old controversy as to the tonnage and calibre of guns of battleships and cruisers. We want bigger boats and larger guns, and the British want more cruisers and lighter armament. Their proposals apply to future construction and do not provide for immediate reduction of number or tonnage either for battleships or cruisers.

Although the conference has adjourned subject to the call of the bureau on some date before Jan. 19,

1933, the work of its committees and of its bureau will go on in the interim. There will doubtless be a meeting of the larger naval powers, and perhaps of the smaller. No revision of the London treaty is contemplated, as it is definitely understood that such agreements as are reached will be incorporated as a part of the general treaty.

[For another view of the Disarmament Conference, see Major Gen. Fuller's article on pages 649-654 of this magazine.]

WORLD ECONOMIC CONFERENCE

The Economic and Financial Conference, determined upon at Lausanne, was authorized by the Council of the League on July 15. As it was originally planned, this conference was to be in effect a second session of the meeting at Lausanne, but the protest of some of the smaller powers made desirable a change in the program. The preliminary arrangements were placed in the hands of a committee, consisting of two representatives, one an expert on economic questions, the other on financial matters, appointed by the governments of Belgium, France, Germany, Great Britain, Italy and the United States, six additional members, nationals of other countries, nominated by the Council of the League, and two appointed by the Bank for International Settlements.

Out of deference to the desires of the United States, the formal agenda will not mention reparations, war debts or tariff rates, but will confine itself, in accordance with the resolution of the Lausanne Conference, to such financial questions as relate to monetary and credit policy, exchange difficulties, the level of prices and the movement of capital, and to economic questions related to improved conditions of production, trade interchanges, with particular attention to tariff policy, prohibitions and restrictions of importation and exportation, quotas and other barriers to trade, producers' agreements and the like.

The Campaign of 1932 Opens

By E. FRANCIS BROWN

ALTHOUGH September is the traditional month for the opening of the Presidential campaign, the politicians and party standard-bearers have been active during the hot Summer weeks. Party organization and campaign plans have been perfected; campaign funds have been raised; speeches of more or less consequence have been delivered. Moreover, in various subtle ways both major parties have been manoeuvring for advantages which spell support from voters on election day.

The first month after their convention was a busy one for the Democrats. Of first importance was the need for closing up the party ranks and for putting a quietus, for the time being, to the dissensions which had arisen over the selection of Governor Roosevelt as the party's candidate. By Aug. 10 the party, outwardly at least, was harmonious. Governor Ely of Massachusetts, who nominated Alfred E. Smith at Chicago, had given his support to Governor Roosevelt; Mayor Hague of Jersey City, boss of New Jersey, had pledged his State to Roosevelt, and Alfred E. Smith, without endorsing the Roosevelt candidacy, had promised to work for Democratic victory in November.

Governor Roosevelt received many visitors, either at Albany or at his home in Hyde Park. Some came to offer support; others to give advice; still others to plan with the Governor the strategy and tactics of his campaign. The Democratic national headquarters have been established in New York City, although it is the idea of James A. Farley, National Chairman, that the campaign shall be waged by State organizations in co-

operation with national headquarters. Ample funds seem to be available for the Democratic campaign chest, but Governor Roosevelt apparently has insisted that, so far as possible, economy shall prevail.

The number of speeches to be made by the Democratic candidate has not been decided. In one on July 30, however, he called for a lowering of tariff barriers, insisting that tariff revision would make the cancellation of war debts unnecessary. His address laid particular stress upon economic issues, but did little more than condemn the Hoover Administration for its policies during the depression.

An embarrassment to the Roosevelt candidacy has been constantly present in the Seabury investigation of the government of New York City. (See Julian S. Mason's article, "The Scandals of New York," in August CURRENT HISTORY.) Mayor Walker, who in particular has been under fire, sent to Governor Roosevelt on July 18 his reply to the charges made against him by Judge Seabury, the director of the investigation. After consideration of the reply, of an answer by Judge Seabury and a surrebuttal by Mayor Walker, the Governor ordered a public hearing on Aug. 11 of the case for removal of the Mayor.

The Republican campaign was under cover during July, awaiting President Hoover's speech of acceptance on Aug. 11. Nevertheless, the party organization under the direction of Everett Sanders was being perfected and plans prepared for campaigning throughout the nation. President Hoover presumably will make few addresses, shifting the burden to lieu-

tenants like Secretary Mills and Secretary Hurley. On July 11, before a great audience in Faneuil Hall, Boston, Secretary Mills assailed Governor Roosevelt as not a true liberal and as a man without a program. Three days later, at Columbus, Ohio, Secretary Hurley declared that nearly three-quarters of the Democratic platform paralleled that of the Republicans; at the same time he compared Governor Roosevelt to William Jennings Bryan.

President Hoover delivered his address accepting the Republican nomination in Washington on Aug. 11. In many respects the public was disappointed in this long-awaited utterance of the President. For the most part he reviewed the record of his administration, particularly in its attempts to alleviate the suffering brought on by the economic crisis and also its measures to restore the nation's business life. As a defense it was masterly—although there were many discreet omissions—and the address as a whole gained by certain graceful allusions to the cooperation given the administration by some Democratic leaders.

Probably to the nation as a whole, the most interesting portion of the President's speech was his statement on prohibition. For the first time he admitted that prohibition had failed as "the final solution of the evils of the liquor traffic." While attacking the Democratic stand on prohibition as likely to permit the return of the saloon, President Hoover went on record as favoring, not only resubmission of the question of prohibition to the States, but a change by which "each State shall be given the right to deal with the problem as it may determine, but subject to absolute guarantees in the Constitution of the United States to protect each State from interference and invasion by its neighbors, and that in no part of the United States shall there be a return of the saloon system." Thus the President gave force and clarity to

his party's stand on prohibition and, it would seem, made the question no longer an issue of the campaign.

The more insidious aspects of political campaigning in America have also been in evidence. From Republican sources have come mysterious documents asserting that Governor Roosevelt's health is too precarious to warrant his assuming the burdens of the Presidency. These documents and the "whispering" to which they gave rise were assailed by Democratic leaders, but the rumors spread. The Republicans, apparently, have determined to attack the Democrats on the basis of their "radicalism" and for this reason are following closely every move of Speaker Garner, who for political purposes is being portrayed as a dangerous menace to American institutions—people apparently forget that he is a millionaire.

Several issues which had not been expected to enter into the campaign now loom prominently. One is the proposed Great Lakes-St. Lawrence waterway which both parties favor, but over which, in matters of detail, President Hoover and the Governor of New York are at odds. Furthermore, out of the waterway proposal arises the issue of power and utility regulation—an issue that will not down. Another dangerous question which threatens to plague the politicians is that of cancellation of international war debts. Both parties supposedly are opposed to cancellation, but, owing to recent vigorous pronouncements by Senator Borah in favor of cancellation, the issue promises to figure in the campaign despite the planning of party strategists who would avoid it.

THE WORK OF CONGRESS

When the first session of the Seventy-second Congress came to an end on July 16, after seven months and a half of hard work and much disagreement between that body and the Presi-

dent, it was difficult to assign honor where due. Over 500 laws had been passed and appropriations made which totaled approximately \$9,000,000,000. The principal legislation was related in one way or another to the economic crisis and included generally, in revised form, the chief recommendations of President Hoover for relieving present distress.

The final days of the session saw the passage of several important bills, most notably a measure for providing unemployment relief. The bill passed by Congress at the beginning of July and vetoed by the President because of its authorization of loans by the Reconstruction Finance Corporation to individuals or private corporations (see August CURRENT HISTORY, page 583) was quickly redrawn in Congress. The new bill authorized a total expenditure of \$2,122,000,000 of which \$1,800,000,000 was to be loaned to States, municipalities and other public agencies for relief work and self-liquidating projects, and \$322,000,000 was to be spent on Federal public works. The bill carried a proviso, contested by many conservatives, that loans made by the R. F. C. should be reported to the President and to Congress. After a brief period of deadlock over the bill between the two houses it was finally passed on July 16 and signed by the President five days later. The law was expected to make possible the starting of many projects which would provide employment for thousands as well as permitting direct relief from States and municipalities. In spite of earlier opposition to Federal aid for the unemployed, President Hoover had come to favor some form of relief, although he signed the Congressional bill without comment.

Another of the President's recommendations for rehabilitation of the business structure was the establishment of Federal home-loan banks (see August CURRENT HISTORY, page 586). After long delay this bill was passed

in the last hours of the Congressional session. The act provides for a system of eight to twelve government-supervised banks to assist in the construction and financing of medium-priced homes. Each bank is to be capitalized at \$5,000,000 and supported by a government fund of \$125,000,000. These regional banks have the privilege to discount securities which associations eligible for membership in the system receive from home-owners. The system is under the supervision of a board of five appointed by the President. A rider to the bill, proposed by Senator Glass, permits government bonds bearing up to 3 $\frac{3}{8}$ per cent interest to be used by national banks for three years as security for expansion of national bank notes.

With the passage of these bills Congress adjourned and the country settled down to see whether or not the Hoover program for economic recovery would be successful. On some degree of restoration of the business structure and improvement in conditions of employment undoubtedly depends the re-election or defeat of the President in November.

MEASURES FOR RECOVERY

The Reconstruction Finance Corporation with its potential resources of almost \$4,000,000,000 probably holds the power of life and death over the nation's railroads and the majority of its banks. And to it, in the last weeks of July, came many of the States, seeking grants under the provisions of the unemployment relief act.

Following, in part, the recommendation of President Hoover on July 11 that the board of directors of the R. F. C. be reorganized so that the governor of the Federal Reserve Board and the Farm Loan Commissioner should be eliminated, Congress passed legislation which permitted the change. As a result, on July 26, former Senator Atlee Pomerene of Ohio, a Democrat, was appointed chairman of the directors of the R. F. C., suc-

ceeding Eugene Meyer. According to rumor the post had been offered to Owen D. Young and Alfred E. Smith, but both men declined the honor. Although Mr. Pomerene is a man of ability, he was practically unknown to the country and his name inspired slight popular enthusiasm. Charles A. Miller, a banker of Utica, N. Y., was appointed to the board in place of the retiring Farm Loan Commissioner. With Mr. Pomerene's appointment the board passed to Democratic control—a fact which caused no little comment. Was President Hoover seeking to avoid Democratic attacks upon the policies of the R. F. C., or had he decided that its work would not be fruitful and therefore responsibility must be shifted to Democratic shoulders, or was he making a gesture of non-partisanship? Probably only the President and his close advisers could answer the question.

In the first five months of its existence the R. F. C. made loans totaling \$1,054,814,486 to banks, other financial institutions and railroads. This sum was divided as follows:

3,600 banks and trust companies	\$642,789,313.07
38 railroads	213,882,724.00
418 building and loan associations	52,484,923.40
63 insurance companies....	63,465,500.00
8 agricultural credit corporations	322,440.12
5 joint stock land banks...	1,270,000.00
10 live stock credit corporations	6,594,586.00
51 mortgage loan companies	73,600,000.00
3 credit unions.....	405,000.00

The greater part of the loans was to small banks—70.3 per cent of the bank loans were to institutions in towns of less than 5,000 population. Undoubtedly the work of the R. F. C. has staved off financial disaster—whether permanently or not, no one knows.

But the lending powers of the R. F. C. were greatly extended by the unemployment relief act which added \$1,800,000,000 to the corporation's resources—\$300,000,000 of which was to be immediately available for loans

to the States for urgent relief work. Even before the President had signed the bill it became apparent that at least thirty States would seek loans, and on July 27 the R. F. C. made a loan of \$3,000,000 to Illinois, whose relief funds were about to be exhausted. Immediately the R. F. C. came to realize that the \$300,000,000 at its disposal was likely to be insufficient, and so set up the somewhat dangerous requirement that loans to States should be determined on the basis of what they had done for themselves. Acting on this principle, the board on Aug. 4 declined, despite appeals by Governor Pinchot, to lend money to Pennsylvania. Meanwhile other pleas for loans were pending, including one from Iowa for \$20,000,000.

Organization of the Federal Home Loan Banks, which are related to the R. F. C. in the sense that the corporation if necessary will subscribe \$125,000,000 to the capital of the banks, was begun with the appointment on Aug. 6 of a board of directors. The chairman of the board is Franklin W. Fort, Republican, of New Jersey, a banker and close friend of the President.

The work of the R. F. C. and that of the Federal Home Loan Banks is not of a nature to show immediate results, however beneficial these organizations may be over a period of time. Far more spectacular—and more important politically—are events in the business world which may lead the people into believing that at last conditions "have turned the corner." Following the adjournment of Congress something—politics, if you will—changed the sentiment of many people from despair to optimism.

On the one hand were the reiterated news items in newspapers all over the country that, in this mill or that, business was better, that new orders for goods had been received and that labor forces were being expanded.

Almost simultaneously the stock market began to hum with activity; prices rose rapidly and the number of shares sold in a day approached figures reminiscent of the by-gone era of 1929. Although an attempt to revive business by spreading optimistic reports had been tried before and had failed, some people felt that this time the stories of better business were true. Skeptics remained, however, who prophesied dire happenings once the stock market spurt had passed.

Business activity at the end of July was at a low point and formal business statements for the month were almost uniformly bad. General Motors, for instance, reported the sale of only 32,849 cars in July compared with 85,054 in July, 1931. Steel output dropped to 15 per cent of capacity—a decline of 11.8 per cent from June—although the steel industry is optimistic about Fall business. Freight loadings have continued to decline at a time of the year when they should be rising. Moreover, reports indicated that foreign trade for June was \$72,801,771 less than in June, 1931, and in June imports exceeded exports by \$6,000,000. Bank failures in June were the highest since January.

On the other hand, commodity prices, notably wheat, cotton and hogs, showed encouraging signs of improvement. On Aug. 8, following government reports of a small crop and accounts of the formation of a pool for purchasing the cotton held by the Federal Farm Board, cotton rose to over 7 cents a pound; a year ago cotton sold at about 6 cents. Wheat, likewise, has risen but the market is still shaky, though likely to be affected by the formation of a pool for the purchase of the 50,000,000 bushels still held by the Farm Board and for operations in the open market. Wheat prices are naturally affected by the prospects of the smallest American crop since 1925.

Much of this rise in stock and commodity prices was probably the result

of organized efforts with political support, but there may have been truth in the statement of Roy D. Chapin—the new Secretary of Commerce who succeeded Robert P. La-mont upon the latter's resignation on Aug. 3—that the “depression has run its course and the upturn has come.”

Unemployment has increased; in June, according to President Green of the American Federation of Labor, 11,023,000 were out of work—an increase of 1,300,000 in six months. Mr. Green declared at the same time: “No measures taken thus far have even scratched the surface of the problem. We must create millions of jobs. Shortening work hours is a first step to do it.”

Meanwhile much is being heard of a five-day week as a partial solution for unemployment. The American Federation of Labor at its semi-annual conference at Atlantic City in July asked President Hoover to call a conference of representatives of industry and labor to devise a plan for the adoption of a five-day week and six-hour day. At the same time a New England joint conference on re-employment asked the President to call a conference to effect an organization which would work toward the same goal as a solution of unemployment. Representatives of the New England group called at the White House on Aug. 1, and after discussion with the President it was intimated that he would call a conference to consider the various plans for spreading work and for the five-day week.

From the beginning of the present crisis the plight of the railroads has demanded attention; in fact, the roads have caused concern for many years. On July 20 the Association of Railway Executives appealed to the public for support in their efforts to avoid preventable waste through excessive competition and at the same time described the serious situation in which the railroads found themselves. Attributing the greater part of their embarrassment to the economic depres-

sion, the roads, nevertheless, placed much of the blame on highway and water transportation, which has had constant and stupendous grants of aid from the government. The railways, according to the statement, are not in difficulties because of over-capitalization but because of the depression, the competition of other means of transportation and unfair government regulation.

Government aid has been extended to the roads through the R. F. C. and, perhaps of a more permanent nature, through a decision of the Interstate Commerce Commission on July 21, which approved the consolidation of the railroads of the Eastern United States, excluding New England, into four great systems. Commissioners Eastman and McManany dissented from the decision on the ground that the four dominant railroads—the Pennsylvania, New York Central, Baltimore & Ohio and the Chesapeake & Ohio-Nickel Plate—have already put much of the plan into effect illegally and that under present conditions radical revision of the railway system would be unwise.

The approved consolidation involves

about 300 lines and brings to an end years of negotiation and planning. Opinions conflicted as to the ultimate effect on the roads of the setting up of the great systems. To many it seemed probable that the Interstate Commerce Commission had acted too late to save the roads from the disaster that impends from their steady and continued loss of earnings. In any event, the consolidations cannot become effective until after a slow laborious exchange of stock.

While the world of economics and politics was filled with uncertainty and while powerful forces beyond human control were slowly changing society, the "forgotten man" went his way. If he were a wage earner, he hoped against hope that the rumored pay-cut would not become fact; if he happened to be a shopkeeper, he sought ways to improve business enough to keep his store open; and when he considered public affairs, it was to wonder whether a vote for President Hoover or for Governor Roosevelt was more likely to restore some of his old-time security—or whether in despair his vote had not better be cast for Norman Thomas.

The Expropriation Issue in Mexico

By CHARLES W. HACKETT

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THE protest of President Ortiz Rubio on June 17 that the expropriation laws passed in the States of Hidalgo and Vera Cruz were unconstitutional and needed revision seems to have made little headway with the Governors of those two States. The reply of Governor Adalberto J. Tejeda of Vera Cruz on June 29 was designated authoritatively as "evasive" and "vague." Equally vague was the reply of Governor Lugo of Hidalgo.

When Governor Lugo persisted in

the seizure, under the expropriation law, of the British-owned Cruz Azul cement plant in Pachuca, an injunction against the action of the State was sought and obtained from a district judge in that city on July 8. The State thereupon gave notice of appeal to the Supreme Court. The following day the Legislature of Vera Cruz adjourned leaving its expropriation law untouched. Vigorous protests were filed with President Ortiz Rubio on July 22 after Governor Tejeda con-

fiscated, under the law, fifty-four lots of property in the vicinity of Boca del Rio. On June 27 Finance Minister Pani blamed the expropriation laws for the fall in the exchange value of the peso to about half its normal figure.

Under a general credit and banking law promulgated on June 29 by President Ortiz Rubio, foreign banking institutions engaged in business in Mexico must submit themselves to the exclusive jurisdiction of Mexican courts in all business "effected within the national territory." By this action Mexico applied to foreign banking interests the so-called "Calvo Doctrine," which had previously been enunciated with regard to other foreign businesses in Mexico in the alien land law of 1925 and in the petroleum code of 1925-1928. The act further provides that foreign banks may operate in Mexico under a Federal concession which can be revoked if the majority of shares pass to a foreign government or if the institution makes representations through any foreign Chancellory; also that "branches of foreign institutions of banking operating in Mexico should not be outside the general banking system," of which the Bank of Mexico is made the head.

Mexico experienced three major strikes during July, all of which were definitely or provisionally settled before the end of the month. A strike of Pullman and sleeping car employees, which began on June 30 on all lines of the Mexican National Railways, was settled on July 2. When the employees of the Mexico City street railways walked out late in June in protest against a wage cut, all street car service in the capital was effectively stopped until July 19. The strike was ended by a ruling of the National Board of Arbitration and Conciliation that it was illegal because the employees had failed to comply with certain legal forms. The employees, who, by the decision, lost their wages during the period of the

strike, were given twenty-four hours in which to return to their positions or forfeit the right to do so.

A strike on the Southern Pacific Lines of Mexico began on June 27 and effectively paralyzed business on the West Coast of Mexico for three weeks. President Ortiz Rubio on July 19 finally ordered the Department of Communications to take over and operate the lines pending a settlement of the strike, which began as a protest against a 10 per cent wage cut. Two days later the National Board of Arbitration and Conciliation ruled that the strike was legal, but ordered the men to return to work without prejudice to their case and stated that for them not to do so would be regarded as "not lending their aid to the government." This decision, in strong contrast with that in the case of the street railway employees, was regarded as a victory for the Southern Pacific employees. Trains began operating again on July 21.

A demonstration against the decisions of the board in the two strikes was held in Mexico City on July 24, when 10,000 men, women and children paraded through the main streets with banners demanding "a revolutionary construction of the Mexican labor law." Javier Sánchez Mejorada resigned on July 27 as managing director of the Mexican National Railways following protests made against him by the labor unionists.

The national Congressional elections held on July 3 resulted in a sweeping victory for the National Revolutionary party (the government party). It was unofficially reported on July 4 that no opposition candidate was victorious anywhere. Fights between members of the dominant and opposition parties resulted in the death of one man and the injury of sixteen others. In a post-election battle between factions of the National Revolutionary and the Anti-Re-electionist parties on July 7 at Aguascalientes, five persons were reported to have

been killed, eight seriously wounded and scores slightly wounded.

The law enacted last December which limits the number of Catholic priests and churches within the Federal District to twenty-five was declared constitutional in a decision handed down by the Mexican Supreme Court on July 9. Fifty applications by private individuals asserting that the law was unconstitutional were dismissed. Hundreds of similar applications are still pending before the Supreme Court.

NICARAGUAN POLITICS

Rivalries developing in the Liberal party (the government party) resulted late in June in separate conventions being held in León and Managua and in each faction claiming to be the legal instrument of the party. As a result, Admiral Clark H. Woodward, chairman of the United States Electoral Mission, intervened and on July 4 gave the rival factions three days to clear up their differences. In an effort to heal the breach the government faction on July 7 nominated Dr. Leonardo Arguello of León for the Presidency and Dr. H. A. Castellón of Managua for the Vice Presidency, but by July 13 the break had reappeared, with each faction claiming to be legally constituted. Admiral Woodward, on July 18, intervened again in a more positive manner. Addressing an identic letter to the rival governing boards of the Liberal party, he declared both of them illegal and called for a new plebiscite to be held not later than Aug. 7 to choose a legal Liberal governing board. Admiral Woodward justified this by pointing out that the United States Electoral Mission, supervising and conducting the forthcoming national elections, must deal directly with the national governing bodies of the two historic parties (Liberal and Conservative) and that the presentation and certification of party nominations to public office could be made

only by the national governing body of the concerned party, legally constituted in accordance with the party's statutes. "After a minute and complete analysis of the facts and the law," he added, "I find and resolve that neither of the foregoing bodies is legally constituted. Consequently, it is necessary to hold a lawful party plebiscite at the earliest practical date to elect party authorities." Such authorities, he said, would "be accorded full recognition by the United States Electoral Mission as the national governing body of the Liberal party." A Liberal party plebiscite was to be held for the interior of Nicaragua on Aug. 1 and for the East Coast on Aug. 7 to select delegates to the National Liberal Convention which is to nominate candidates for President and Vice President. Dr. Arguello, who had been nominated by the government faction early in July, dissented from this proposed action and requested his followers not to vote in the plebiscite.

A decree granting general amnesty to all citizens absent from Nicaragua for political reasons was signed by President Moncada on July 17, thus permitting them to vote in the November elections. A few days later the government offered to pay for the repatriation of a number of prominent Nicaraguan political exiles including Salamón de la Selva, labor leader, and Adolfo Artega Díaz, an editor and nephew of former President Adolfo Díaz.

COSTA RICAN FINANCES

A bill to authorize the suspension of interest and amortization on both the British bonds of 1911 and the American bonds of 1926 and 1931 for three years, beginning January, 1933, and November, 1932, respectively, was submitted to the Costa Rican Congress by President Jiménez on July 8. During the moratorium the funds that would have been applied to the foreign debt service will

apply to payment of the present debts of the government and those contracted during the Summer of 1932. Suspension of service on the British loan will make available £60,000 (\$210,000) every six months, or a total for the three-year period of £360,000 (\$1,260,000). The service and interest on the American loan amounts to \$682,140 a year, or \$2,046,420 for the three-year period. By this suspension of interest and amortization payments the government hopes to reduce by one-half its internal debt and to balance its budget.

The year 1931 showed a favorable trade balance of 22,410,764 colones (\$5,602,682), despite lower prices for products. Although Costa Rica buys more than one-half of its imported goods from the United States, it sells less than one-quarter of its exports to the United States. In 1931 Great Britain bought more than 60 per cent of Costa Rica's exports.

DOMINICAN REPUBLIC'S BUDGET

A balanced budget and a small treasury surplus for the Dominican Republic for the half-year ended June 30, 1932, were announced on July 16. General administrative expenses, exclusive of debt service and minor specialized accounts, amounted to \$2,472,700 during the first six months as against revenues of \$2,590,000, thus giving a cash balance of \$117,000. Including prepaid budgetary appropriations for the second half-year, the total surplus reached \$225,000. Full payment of interest was made on the external dollar bonds. This record makes the Dominican Republic, with a population of 1,000,000, one of the few Latin-American countries that have met such obligations.

TERRORISM CONTINUES IN CUBA

Opposition to the use of militaristic methods by the Machado Administration in Cuba was given as the cause of the murder on July 9 of Captain Miguel Calvo, Chief of the Cuban Se-

cret Police, and of two policemen who were riding with him on the Malceon Ocean Drive near the Maine Monument. As a result of the increase in terroristic activities in mid-July, Havana was divided into two military zones, both of which were directly supervised by General Herrera, Chief of Staff of the Cuban Army.

Expectation that the University of Havana, which had been closed for some months because of the hostility of faculty and students to the Machado administration, would reopen in the Autumn was dissipated on July 12 when, at a meeting of 118 members of the faculty, it was voted "to suspend the educational and academic activities of the institutions."

Former President Mario G. Menocal, who led the abortive revolution of a year ago, and who, since last May has been a political refugee in the Brazilian Legation at Havana, left on July 2 for Europe on a diplomatic passport issued by the Cuban Government. Under the terms of an agreement reached between the Cuban and the Brazilian Governments, General Menocal is to remain abroad for one year and keep out of Cuban politics.

Full interest and amortization payments, totaling approximately \$9,500,000, on all outstanding foreign obligations were made by the Cuban Government at the end of the fiscal year ending June 30, thereby liquidating those debts for the fiscal year 1931-1932. In order to accomplish this it was necessary for the government to obtain a loan of \$2,278,215 from American banks. Provision for this temporary loan has been made in the general budget of 1932-1933, repayable in the first half of the fiscal year. As a result of a sharp decline in national revenues since the beginning of the new fiscal year on July 1, the Cuban Cabinet on July 22 decided upon a cut of 10 per cent in the expenses of the government. This action means a saving of about \$5,000,000.

War Clouds in South America

By HENRY GRATTAN DOYLE

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DURING recent weeks those interested in South American events have turned from observing the progress of the so-called Socialist republic of Chile to the boundary dispute between Bolivia and Paraguay over the Chaco Boreal. This problem, which has so long and so stubbornly resisted efforts at solution, is at the time of writing still unresolved, although a truce was reached on Aug. 10. Past weeks have witnessed also a short but bloody revolt in Peru and military operations on a considerable scale by rebel and government forces in Brazil. South American political instability is no fable.

The curious concept that unless war is declared or admitted by the belligerents no war exists has apparently taken root in South America. Attacks and counter-attacks by Bolivia and Paraguay on Chaco *fortines* (often mere blockhouses or outposts) have not resulted in formal declarations of war, in spite of the flaring-up of the war spirit among both populations. This has been fortunate. It has enabled the full force of public opinion in the other republics of the American continents to be brought to bear upon the principals in the dispute through the unanimous action of the other nineteen nations in the Pan-American Union—if not early enough to prevent untoward “incidents,” at least not too late to hold open the door of conciliation and perhaps of ultimate arbitration.

Prospects for peaceful solution are, it must be confessed, not overly bright. The whole dispute is so involved in claims and counter-claims,

in arguments based upon historical boundaries, usually going back to Spanish colonial days, as opposed to *de facto* occupation and colonization, and has such a long history of diplomatic negotiations begun under the best auspices and ending in frustration, that it is doubtful whether any group of mediators would have greater success than the representatives of the five neutral nations (Colombia, Cuba, Mexico, Uruguay and the United States) which constituted, with the delegations of the two principals, the “Commission of Inquiry and Conciliation, Bolivia and Paraguay” which sat in Washington from March 13, 1929 until Sept. 13 of that year. The devoted efforts of this body, it is true, brought about the conciliation at which they were primarily aimed, but conciliation activities cannot become a permanent function of any group of governments, however devoted. Similar relative lack of success attended the conferences held in Buenos Aires by plenipotentiaries of the two governments directly concerned from Sept. 29, 1927 until Dec. 27 of that year, under the auspices of the Argentine Government and in accordance with the so-called Gutiérrez-Díaz León protocol of April 22, 1927. Nor must we forget that since Nov. 11, 1931, conferences between delegates of the nations have been under way in Washington under the auspices of the same five neutrals who labored so wholeheartedly in 1929.

In the last analysis, the greatest hope for a permanent settlement is found in the analogous Tacna-Arica controversy between Chile and Peru.

With a history of negotiations almost as unsatisfactory as those attending the Gran Chaco question, the Tacna-Arica problem was finally and quickly settled. Whether such a solution, which is possible only when public opinion in the two countries concerned has been brought to see the folly of continued squabbling, can be expected in the Chaco dispute is extremely doubtful. The greatest force for such a solution is the universal desire throughout the New World for a settlement, but even this has the weakness of appearing to one of the countries as an unwarranted interference with its rights. President Salamanca of Bolivia said as much in his speech at the opening of the Bolivian Congress on Aug. 6, in commenting on the identic note dispatched on Aug. 3 by all the other members of the Pan-American Union to Paraguay and Bolivia, in which the principle was laid down that they would not recognize territorial gains in the Chaco made by force of arms.

Later Bolivian comment pointed out that if the principle laid down in the identic note was valid, and if it was retroactively applied, as requested in a note subsequently sent (on Aug. 8) by four of the five neutrals calling for cessation of hostilities and warlike preparations by daybreak on Aug. 10 under an armistice based on the position of troops in the Chaco as of June 1, 1932, the policy should bring about the return to Bolivia of Puerto Pacheco, seized by Paraguay in December, 1887.

Bolivia's geographic situation readily explains her insistence on a solution that will satisfy her ambitions. Deprived of her Pacific littoral as the result of the "War of the Pacific" (1879-81), between Chile on the one hand and Bolivia and Peru on the other, she was left in a state of uncertainty which the solution of the Tacna-Arica problem by Chile and Peru, without reference to Bolivian interests in an outlet to the sea, turned

to disappointment and despair. The only completely landlocked country in South America, it was natural that the defeat of her hopes for access to the Pacific should revive interest in a possible outlet to the Atlantic by the navigable Paraguay River. Her old claims to the Chaco assumed even greater importance under the circumstances. By her treaty of 1889 with Argentina she had relinquished the "Chaco Central"* to that country. By the treaty of Petropolis in 1903 she had ceded to Brazil territory in the north that might have given her direct access to the Paraguay River. There remained only the disputed territory that is now the bone of contention.

In connection with neutral activity during the crisis, two important aspects must not be neglected. The first is Secretary Stimson's speech on Aug. 8 (see pages 760-763) enunciating the doctrine, based upon an interpretation of the Kellogg-Briand pact, that inasmuch as signatories to the pact have entered into a mutual engagement not to resort to war except in self-defense, a signatory resorting to war has broken that engagement with all other signatories, and all have a right to intervene. While the Chaco dispute was not mentioned by the Secretary of State in applying this interpretation of the pact, his statement brought into relief the theory upon which the Pan-American neutrals were undoubtedly acting.

The second aspect is the remark-

*The term "Chaco" is applied to three territories lying west of the River Paraguay and separated from each other by the Bermejo and Pilcomayo Rivers. The "Chaco Austral," or Southern Chaco, lies south of the Bermejo and has been Argentine territory since colonial days. The "Chaco Central," of obvious meaning, lies north of the Bermejo and south of the Pilcomayo, and was ceded by Bolivia to Argentina as indicated. The "Chaco Boreal," or Northern Chaco, is bounded on the east and south by the Paraguay and Pilcomayo Rivers, its other boundaries being the undisputed boundaries of Bolivia.

able unity displayed by the other American republics in bringing pressure to bear upon Paraguay and Bolivia. In addition to the activities of the five neutrals represented on the Commission of Conciliation, the four countries adjoining the combatants—Argentina, Brazil, Chile and Peru—made an agreement to preserve strict neutrality in case of war, by implication shutting off transport of war materials through their territories. When the representatives of the five neutrals met in Washington to continue their efforts for adjustment of the dispute on Aug. 10, they were joined by representatives of these four.

The following is a summary of the events leading up to the truce of Aug. 10: As far back as Aug. 6, 1931, the five neutral governments represented on the Commission of Conciliation of 1929 jointly suggested to Bolivia and Paraguay the negotiation of a non-aggression pact in the Chaco. Reports were current at that time in Paraguay that Bolivia was massing troops in preparation for taking the offensive. During September several clashes occurred between the forces of the two countries, resulting in a number of deaths on both sides. On Oct. 17 the five neutrals, concerned over the delay in beginning negotiations looking toward a non-aggression pact, moved to have all the nineteen American republics not directly concerned appeal to Paraguay and Bolivia to sign such a pact and attempt a definitive solution of the problem. This action may have been the inception of the new "Stimson doctrine." On Nov. 11 the delegations met in Washington under the auspices of the five neutrals, the presiding officer being the American Assistant Secretary of State, Francis White.

Negotiations continued during the Winter and Spring. Unofficial reports late in April intimated that progress was being made, though alarming reports of troop movements continued. On April 20 the Argentine paper *El*

Intransigente reported that between 7,000 and 8,000 Bolivian soldiers were on the Bolivian frontier. These and similar reports concerning mobilization of troops and concentration of airplanes were consistently denied by Bolivia. The arrival in Buenos Aires of 370 Mennonite refugees from Russia destined for colonization in the Chaco led to a statement by the Bolivian Foreign Minister which criticized the League of Nations for sending the settlers to the Chaco without Bolivia's consent. At the same time he announced that further colonization west of the Paraguay River would be under the auspices of Bolivia, not Paraguay.

A proposed non-aggression pact submitted to the two governments at the end of May was reported to have included provision for a neutral commission to sit in Buenos Aires instead of Washington, but this was not accepted. On June 15 Bolivian sources reported Paraguayan advances in the interior of the Chaco far beyond the usual line of occupation. On July 8 the Paraguayan representatives at the Washington conference were withdrawn because of reported Bolivian aggression in the Chaco. Reports of clashes continued. On July 20 it was reported that 300 Paraguayan troops had attacked Fort Mariscal Santa Cruz and immediately the war spirit flamed in La Paz. Instructions to its representatives at the Washington conference to withdraw were canceled by Paraguay on the same date, but it was reported that the Bolivian delegation would be recalled.

Various border skirmishes took place, and on Aug. 1 the Paraguayan Congress granted the President power to mobilize the reserves. On Aug. 2 the five neutrals renewed their appeal for suspension of hostilities, addressing Bolivia alone. On the same day Paraguay protested to the League of Nations that Bolivia had violated Articles 10 and 11 of the League Covenant. In reply to a League telegram Paraguay agreed to arbitrate the dis-

pute, while Bolivia "did not decline" to do so, but insisted that Paraguay had committed the first act of aggression on June 29. On Aug. 3 Bolivia refused the appeal of the five neutrals for an armistice. This was followed by the identic note of the nineteen neutral republics and the action of the five neutrals in insisting on an armistice on Aug. 10.

CIVIL WAR IN BRAZIL

Because the Vargas Government had failed to restore constitutional government in Brazil, a revolt began in the city of Sao Paulo on July 9 and spread over the entire State of that name as well as over parts of the State of Minaes Geraes. By the end of July it was estimated that the Federal forces had about 65,000 men in the field and the "Paulistas" about 40,000. Unlike other such movements in South America, the armies on both sides were well equipped and well officered. Modern artillery, tanks and airplanes were utilized in the campaign, in which neither side had at the time of writing won a decided victory, though it appeared that the rebels were being steadily pushed back within the confines of the State which initiated the revolt, Sao Paulo. The censorship imposed by the Federal Government, combined with attempts to minimize the extent of the revolt, has led to the usual crop of unreliable reports. On Aug. 9 it was reported "on reliable authority" that a basis for cessation of hostilities had been reached in negotiations between representatives of the government and of the rebels, but as similar reports had appeared at intervals throughout the five weeks of the revolt, only to be contradicted by renewed hostilities, too much credence could not be bestowed on them.

The State of Sao Paulo, which seems to be united in opposition to the President, was the home of the President whom Dr. Vargas overthrew, as well as of the President-elect Senhor Prestes, whose assump-

tion of office was prevented by the Vargas revolution. Even more important than this factor, however, is the strong feeling of State autonomy which has operated to maintain Brazil as a group of federated States rather than to permit the development of her national consciousness as a single entity.

The ability of Sao Paulo to place an imposing army of trained troops in the field is due to the maintenance of State militia almost independent of national control. Under the circumstances a long campaign is to be looked for unless a compromise peace is negotiated. Readers of this chronicle will recall that a similar expectation was expressed at the beginning of the 1930 revolution.

THE PERUVIAN UPRISING

A bloody uprising in Peru, in which rebels held the city and port of Trujillo, about 300 miles northwest of Lima, for four days proved to be the most serious crisis the government of President Luis M. Sánchez Cerro has had to meet. Loyal troops, supported by airplanes, finally succeeded in dislodging the rebels on July 10. During the brief time they held control, the rebels were reported to have burned and pillaged and to have massacred about 150 citizens and military prisoners, including the mayor of the town. After court martial, 44 men involved in the uprising were shot on July 27, while 57 others who had not yet been taken into custody were condemned to death. On Aug. 4, five more rebels, involved in a subsequent revolt at Huaraz, were executed by a firing squad.

Responsibility for the uprising was laid at the doors of Communists and of the "Apra" party, which has created most of the difficulties of the Sánchez Cerro Government. A report that the leader of the "Apristas," Raúl Haya de la Torre, had been executed for complicity in the plot, has been denied.

The Imperial Conference at Ottawa

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THE business of the Ottawa Conference, from its opening on July 21 to the week-end of Aug. 7, consisted mainly of rather vociferous statements by the Dominions of what they demanded from Great Britain and avoidance of specific details as to what they were prepared to give. Increasingly stern differences of opinion between Great Britain and Canada and between Great Britain and South Africa emphasized existing economic rivalries.

Great Britain, secure in the fact that she buys from the Dominions £100,000,000 worth of goods more than she sells to them, and with her tariff against the Dominions in suspense only until Nov. 15, asked for larger markets for her coal and manufactured goods by either free entry or substantial preferences. She made it clear that she could not offend the United States, France, Germany, Scandinavia or Argentina, with whom her trade is more important than with any Dominion. She also was disinclined to do anything to disturb the delicate relation existing with the Soviet Union. She was determined not to limit her general tariff freedom by particular agreements and hoped to effect her ends by lowering tariffs rather than by raising them.

Canada, troubled by the steady narrowing of her outlets in the United States, asked Great Britain for larger markets, by tariff preference or quota on foreign imports, for her lumber, wheat, base metals, cattle, tobacco, bacon and cheese. South Africa established the fact that, when gold and re-exports were adjusted, she bought much more from Great Britain than she sold to her, and asked

for preference in meats and other food products over non-empire competitors. Australia and New Zealand asked for markets for meat, wool and wheat. India confined herself mainly to explanations that, because her export trade was so widely distributed, she must avoid offending non-empire customers. She was also concerned with obtaining higher protection against British textiles. Southern Rhodesia wanted markets for tobacco, copper and primary agricultural products. All that Newfoundland could do was to point out that 75 per cent of her national revenue came from customs and excise. With a tariff war on between Great Britain and the Irish Free State, the Irish delegates had nothing to say in general, although they were reported to be bargaining with separate Dominions. All the industrialized Dominions were determined to continue protecting their producers.

The United States stood first among the foreign countries whose trade would be diminished if the intra-imperial agreements asked for materialized. Any agreement between Canada and Great Britain must be founded on the substitution of British for American coal, steel and machinery in the Canadian market, and of Canadian for American lumber, wheat and base metals in the British market. In addition, Rhodesia, South Africa and Canada wanted to sell tobacco, and Australia, canned fruits, by means of some exclusion of American products. Next to the United States were the Soviet Union (Canada's great natural rival), Scandinavia and Argentina, with their timber, wheat, asbestos, dairy products and chilled meats.

The currency question, involving a sterling bloc and bimetalism, was referred to a special committee. The idea of "reflation" to raise commodity prices was generally popular, and all parties except Great Britain desired to stop the fluctuations of sterling. South Africa and Canada, as the world's two leading gold producers, were in a peculiar position, as was revealed by the imperial exchange quotations in Montreal on the day the conference opened. The various pounds stood in Canadian dollars as follows: South Africa, \$5.52; Great Britain, \$4.07; New Zealand, \$3.70; Australia, \$3.27. The United States dollar was at a premium of just over 14½ per cent.

The question of uniformity in tariff regulations as to "empire content" also revealed great differences. Great Britain, South Africa and the Irish Free State were satisfied with 25 per cent, Australia demanded 75 per cent, and the others asked 50 per cent. Canada led the demands on Great Britain to raise her regulation to 50 per cent. If this were granted, some American branch factories in Canada would be hard hit.

THE ANGLO-IRISH WAR

President de Valera having rejected a Commonwealth arbitral tribunal and the British Parliament having authorized 100 per cent duties on imports from Ireland, the struggle between the two countries developed rapidly into outright tariff war. The British Government announced on July 6 that it was prepared to accept any kind of an arbitral tribunal Mr. de Valera liked, so long as its members were citizens of the Commonwealth. Mr. de Valera made no response. Then William Norton, Irish Labor leader, renewed his peace negotiations and on July 15 Mr. MacDonald and Mr. de Valera held conversations in London. They failed because the Irish demand was not for an arbitral body but for a group composed of two Irish and

two British representatives with an empire chairman, who should examine and discuss and report back to their governments. The British Government added a stumbling-block by asking that the June 30 payments should be made first.

The British duties (of 20 per cent) on Irish food products went into force on July 12 and practically stopped such imports. The Irish Legislature in reprisal conferred on the Executive Council dictatorial powers over the whole tariff field. It was not until July 26 that the duties could be put in force, and then they were revealed to be prohibitive against British coal and coke, iron and steel, electrical goods, sugar, cement and other commodities. The design was to ease the shock by purchasing Continental coal and steel, Czechoslovakian sugar, German electrical goods and Belgian cement. All subsequent peace moves failed, and on Aug. 5 the Dail voted an "emergency war fund" of £2,000,000.

President de Valera and his Ministers have begun a campaign of educating the people in the idea of Irish economic self-sufficiency by holding out the prospect of an Irish Free State with its own industries and agriculture instead of its existing as a cattle ranch for England. Yet no successes were reported in finding an alternative market for Irish food products. Germany and Poland were said to have been approached but to have declined to commit themselves to taking specified amounts of Irish butter. Shipping has suffered severely. Fore-stalling involved a rush of British imports before the Irish tariff, which cushioned the shock, but distress was beginning to be apparent.

Throughout July members of the former Cosgrave Government persisted in charges that arms were being landed in Ireland for the use of the independent Irish Republican Army, whose detachments no longer made a secret of their drilling. These charges were denied or parried in the Dail. On

July 26, however, Captain Gerald Dempsey, I. R. A., who had been arrested for possession of concealed weapons and on July 14 sentenced to three months for contempt in refusing to admit the power of the courts, was released by special order of the Irish Government. There was increasing reason to believe that the I. R. A. was exercising pressure on the government. In these circumstances the Cosgrave group, who had openly fought the I. R. A., issued a warning against "the bloody tyranny of a militaristic revolutionary minority."

Governor General James McNeill early in July publicly upbraided President de Valera, his Executive Council and his newspaper, the *Irish Press*, for discourtesies to him at the French Legation and in connection with the Eucharistic Congress. When he issued his correspondence with Mr. de Valera publication in Ireland was stopped at first. The President did not directly apologize, as he seemed unable to control some of his Ministers, nor did he try to induce the Dail to support him in removing McNeill. Instead, he asked for a time-table of the Governor General's public appearances so that no Minister need be present at the same time as the Governor General. The Army Benevolent Fund Ball was dropped because the committee was forbidden to invite the Governor General.

BRITISH CONVERSION LOAN

The 5 per cent war loan conversion was an event of outstanding interest in Great Britain during recent weeks. By July 31, the last date for the 1 per cent bonus, 75 per cent of the holders had declared themselves, with only 4 per cent of these, representing 2 per cent of those holdings, refusing conversion. The amount offered for conversion was estimated at £1,500,000,000 out of £2,087,000,000. The rise in security prices continued, being reinforced by a steady small rise in wholesale commodity prices. Extensive

investment in American and Canadian securities also took place, even at the cost of a decline in the pound sterling to about \$3.50. The Bank of England continued to buy gold, so that on July 29 the acquisitions since May 12 had amounted to £17,000,000. The June trade statistics showed little change in the recent trend. Exports rose a little as compared with 1931, while there was a heavy decline in imports and re-exports.

The Labor party on July 27 captured a Birmingham constituency from the Conservatives, its second success in the thirteen by-elections since the general election, which have shown a definite movement away from the Conservatives. The Liberals retained the seat rendered vacant by the death of Sir Donald Maclean. On July 30 the Independent Labor party at last voted to secede from the Parliamentary Labor party.

H. G. Wells on July 30 startled the Liberal party's Summer school at Oxford by publicly criticizing the King. Referring to the creation of the National Government in August, 1931, Mr. Wells said: "The King was so ill-advised as to depart from his proper political and social neutrality and lead a movement for cheese-paring and grinding the faces of the needy in the interest of the debt collectors. And not a soul in the Labor party has said what ought to have been said about the King, or about the miserable campaign of unintelligent economy which cast its dismal shadow over the closing months of 1931."

CANADIAN ECONOMIC CONDITIONS

A rush of Canadian products to the United States in anticipation of the new tariffs on lumber and copper somewhat obscured the national trade figures for June, but the figures for the first half of 1932 indicated that Canada was stemming the decline in her external trade. Great Britain and

other countries were taking a substantial portion of the business hitherto done with the United States. Canada's trade with the United States for 1929-1930 amounted to 60 per cent of her total; for 1931-1932 it was 50 per cent. Comparing 1929-1930 with 1931-1932, Canada's trade with the United States had fallen by 59 per cent, and with other countries by only 44 per cent. The total external trade for the year ending May 31, 1932, was \$1,064,532,000, with a favorable balance of over \$31,000,000.

From the statistics of gold exports to the United States for April, May and June, it appeared that the government was willing to release only about \$4,000,000 a month—that is, about \$1,000,000 less than the domestic gold production. The statutory gold reserve, which amounted to about \$64,000,000 on July 15, had been consistently kept above its legal minimum. Under this control the fluctuations of the Canadian dollar in New York have narrowed to between 87 and 87.5 cents.

A marked decline in industrial employment has taken place since April 1, so that on June 1 the index (1925-1929 base) for the whole Dominion was 83. British Columbia suffered most, while the Maritime Provinces reversed the national trend by raising their index during May from 86.2 to 90.8. Many factories were completely idle, though most were in partial operation. The paper industry was particularly affected, running at only about 50 per cent of capacity and selling newsprint at \$53 a ton, as against \$130 in 1921. On Aug. 1, three leading paper companies defaulted on their bonds.

Since the national, provincial and municipal programs of relief have been neither clearly enunciated nor well coordinated, Prime Minister Bennett had no scheme to present to deputations of farmers and industrial workers at Ottawa. A "Communist" or workers' delegation of seven was received by him on Aug. 2 and soundly

lectured. He declined to lift the embargo on Russian products or to discuss tariffs, taxation or relief. A subsequent demonstration by a large group involved a clash with the police and a number of arrests. Mr. Bennett said that Section 98 of the Criminal Code, under which membership in the Communist party has rendered Canadians liable to imprisonment, would not be altered. Protests against it had been sent to Canada by G. B. Shaw and well-known American liberals. Deportations of foreign immigrants, involving in some cases cancellation of naturalization certificates, continued. Over 7,000 persons were deported in 1931, the high percentage of British among them exciting considerable comment.

Sir Henry Thornton, president of the Canadian National Railways, resigned on July 19. During his ten years of office he had raised the nationally owned railroads to the position of strong competitors of the well established and privately owned Canadian Pacific.

In concluding the St. Lawrence Waterways treaty with the United States (see pages 693-696 of this magazine) it was felt that the Dominion had made a fair bargain with the United States, but a better one with the Province of Ontario, whereby the Dominion secured the new navigation for \$40,000,000 of new expenditure, while the Province was to pay the additional \$67,000,000 in return for the 1,100,000 h. p. developed. Canada in general welcomed the treaty as supplanting earlier terminable agreements and for the admission by the United States that Lake Michigan, which lies wholly in American territory, was part of the Great Lakes system. In addition, Canadians had feared that the new Welland Canal might, if the St. Lawrence canals were not improved, merely feed Albany and the Hudson by means of the New York State Barge Canal. Their satisfaction over the treaty was a little dimmed by the

absence of any provision for the free navigation of the Hudson. Last Spring a Canadian group arranged for the investment of \$15,000,000 in elevators at the new Albany ocean port.

UNREST IN NEWFOUNDLAND

The economic distress of the Newfoundland unemployed once more found vent in rioting and destruction on July 25 and 26. The disorders were checked when the Canadian bank syndicate, which now holds a sort of receivership for the country, promised to advance \$100,000 to finance a program of relief work. While the men insisted that they wanted work instead of trouble, fears were expressed lest their behavior of the last six months establish a precedent for mob pressure on government.

AUSTRALIAN FINANCIAL PLANS

Just before the beginning of the Australian Premiers' Conference, which met from June 29 to July 8 for the purpose of reaching an agreement on policies and finance and of striking a loan bargain with the Commonwealth Bank and the private banks, Mr. Stevens, Premier of New South Wales, announced that his government's deficit was £13,000,000 instead of the reported £5,000,000, with overdrafts on various accounts amounting to £40,000,000. At the conference he pledged his State to complete cooperation in the Premiers' Plan of 1931, an example which led Forgan Smith, the new Labor Premier of Queensland, also to support the plan after some clauses on unemployment had been added.

The banks, after rejecting the Premiers' original demands, offered to finance £9,000,000 in deficits, conditional on budgeting to that degree, and to lend £15,000,000 to finance an effort to relieve unemployment.

NEW BRITISH POLICY IN INDIA

The whole Indian situation was profoundly disturbed by Sir Samuel Hoare's announcement on June 28 of a

new procedure for the constitutional reforms. Declaring that there must be no more conferences or committees, he outlined a speedier process. Before the Summer was over the British Government would set forth its solution of the communal problem upon which the Indian delegates were unable to agree last Winter. Thereupon the consultative committee of the last Round-Table Conference would reassemble and settle all unfinished matters. The government would then prepare a single bill embracing the constitutions of the provinces and of the federation of provinces and States, with the provision that the former might go into force even before the necessary acceptances for the latter were received and the federal financial terms completed. A joint select committee of both houses of Parliament, representing all groups of opinion, would consider the bill in the light of representations made to it by witnesses (including Indians). When satisfied that the bill met the situation, the government would submit it to Parliament.

This abrupt change of policy was preceded by the announcement that the civil disobedience ordinances would be renewed on July 3. In addition, the Indian Government had been systematically preventing district conferences of the Congress party, even by force of arms. Sir Samuel Hoare's statistics were a mournful prelude. Arrests: January, 14,800; February, 17,800; March, 6,900; April, 5,300; May, 3,776; 31,194 in prison on May 31.

The Indian response to Sir Samuel Hoare's announcement surprised and embarrassed the British Government. The Indian moderates formally dissociated themselves from the new method and from further cooperation. Sir Tej Bahadur Sapru, whose services as conciliator have been strikingly successful, and two fellow-members resigned from the consultative committee, and the greatly respected Srinivasa Sastri regarded the change

as a betrayal. Thirteen Indian members of the conference protested to the British Government, saying that they could not cooperate in such procedure. Sir Samuel Hoare, in an attempt on July 13 to sum up the intervening official efforts to clear up "misunderstanding," practically reaffirmed his earlier stand.

Prime Minister MacDonald on Aug. 3 held a meeting with the Indian committee of the Cabinet, following the submission on July 27 by the Finance Committee of the Round-Table Conference of the last of the three committee reports. The Cabinet had to

face the opinion of the Indian Moderates that unless conference continued, the bill, which was sure to pass in the present Parliament, would be regarded as a British instead of an Indian creation and would lose in popularity thereby. It decided that before matters were referred to the joint select committee, a new conference should be held in London composed of about twenty Indians and ten British to discuss concrete proposals. The Cabinet also approved the communal award, which was described as being so fair to the various minorities that it would satisfy nobody.

Herriot's Leadership of France

By OTHON G. GUERLAC

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WHEN the French Parliament adjourned for the Summer on July 16, Premier Herriot might well congratulate himself. He had triumphed both at Lausanne and in Paris. At home it was no easy task, for he had to contend with opposition among members of his own majority.

The financial program of the government presented the Premier with the first chance to test his hold over Parliament. This program was embodied in a bill to balance the budget and to overcome the deficit caused by the economic crisis and perhaps also by the imprudent policies of previous administrations. The deficit was estimated at 4,500,000,000 francs (over \$175,000,000 at par) for the current year and at 8,000,000,000 for 1933, and since the treasury was almost empty, drastic measures were necessary.

The bill for the "re-establishment of the budgetary balance," as it was called, was introduced on July 1. It proposed raising 1,025,000,000 francs (about \$40,000,000) for the treasury

and 4,274,000,000 francs for the balancing of future budgets. This was to be accomplished by reduction of expenditures and expansion of revenue through additional taxes.

The reductions were to affect the budget of national defense, veterans' pensions and salaries of public officials, including the President of the Republic and the members of Parliament. The revenues were to come from an increase of income-tax rates, the cancellation of the tax exemption granted heretofore to certain groups, an additional impost on stock exchange transactions as well as on the revenue from foreign investments and, finally, from increased postal and telephone rates.

The budget committee and the Chamber of Deputies so mutilated the bill as to make it unrecognizable and ineffective. Strangely enough, supporters of the Ministry—Socialists and Radical-Socialists—thus tampered with the government measure. They accepted without hesitation all the proposals affecting national de-

fense, for which appropriations were reduced by approximately 10 per cent; they likewise approved of the tax rates in the higher brackets. But they seemed loath to accept those economies which reduced, however slightly, the pensions of war veterans, and of remarried widows of veterans and the salaries of State officials—generally speaking, anything that might be unpopular.

This attitude of members of his own group caused Premier Herriot some anxious moments and at one time the fate of the Ministry itself seemed to hang in the balance. Herriot had to rush back from Lausanne in the midst of the negotiations there to confer with the Cabinet on what concessions could be made to appease certain sections of his majority.

He succeeded only partially. When the bill came before the Chamber the Premier refused to accept an amendment offered by the Socialists which provided as a measure of economy the temporary suppression of the training of the army reserves. But when the final ballot came on July 11, the bill passed by 306 to 172. Among the 172, however, was the whole Socialist group, while the former Tardieu majority either supported the Ministry or abstained from voting.

Thus in the first test of the alliance on which the fate of the Herriot Ministry seem to depend was it seen how uncertain the Socialist support can be. A few days later, however, before adjourning on July 16, the Chamber voted by 381 to 30 an issue of 2,000,000,000 francs in treasury bonds for the needs of the coming months, and this time the government had its old majority again, the Socialists rallying to its support while the Right generally abstained from voting.

HERRIOT AT LAUSANNE AND GENEVA

Just as the domestic and Parliamentary situation which looked at first so ominous finally left M. Herriot

victorious, the foreign negotiations, on which he had entered with a heavy heart, turned out quite as satisfactorily and indeed increased his prestige with the French people. When he returned from Lausanne on July 10 and was met at the station by an imposing delegation of every governmental department, he was greeted almost like a conqueror. Even the Opposition press, which did not relish the abandonment of reparations in exchange for a final lump sum, could not help acknowledging that the Premier had sustained the claim put forward by France for the maintenance of the principle that contracts should not be repudiated by unilateral action.

Speaking before the Chamber, the Premier explained the Gentlemen's Agreement and the so-called confidence pact, pointing out that he had worked hand in hand with Great Britain, to maintain what he called "the European order." The skeptics remark that these instruments are not as yet decisive and that their validity depends greatly on what the United States will do. But Herriot and his friends consider the Lausanne treaty a great moral success and, in the words of the Premier himself, "one more step toward that aim of all peoples—peace."

The Geneva disarmament conference, however, did not satisfy all the hopes of the French apostles of peace, nor did it please those who have been skeptical from the outset. It had given M. Herriot the opportunity to present the French attitude with his characteristic sincerity and humanitarianism, and a chance to exhibit his spirit of conciliation in dealing with Germany and his constant care to present to the world what the French Democrats call *la vraie figure de la France*. Needless to say, however, Herriot does not reflect French public opinion as a whole, especially that portion represented by the most widely circulated newspapers. There still linger distrust

of Germany and anger at German refusal to be grateful for all French concessions.

As for America, the sentiment is that, in all justice, the concessions made by France and Great Britain on reparations should be paralleled by the reduction of the debts to the United States. Senator Borah's speech of July 23 was hailed with mingled feelings of gratification and resentment. The gratification felt at what was termed his "conversion" was counteracted by the sentiment that his claim that Europe should disarm by 50 per cent was an unwarranted intrusion upon what Europe considers her own affairs. *Le Quotidien*, a Radical-Socialist paper, which has shown of late some anti-American bias, declared: "We are not ready to exchange our security, which means the lives of our wives and children, for the settlement of our debts."

QUOTAS AND TRADE

The present Cabinet does not consider the system of regulating imports by quotas, freely used by former administrations, as its permanent policy. Such at least was the statement made before the tariff commission of the Chamber by Julien Durand, Minister of Commerce.

In support of M. Durand, *Le Temps*, after showing the many inconsistencies and mistakes which result from a system incapable of adapting itself rapidly to the ever-changing conditions of the market, pointed out that "it would be dangerous to make the quota system either universal or permanent. The stabilization of the imports and the distribution of licenses might lead to a monopoly of foreign trade either by the State or by the large corporations." The same idea was expressed in a letter written to Premier Herriot by M. Etienne Fougère, president of the National Association for Economic Expansion, which represents thirty-eight groups of exporting industries.

How badly French trade has been hit can be seen from the latest figures. Foreign trade in May dropped 627,000,000 francs (about \$25,000,000) below that of April—355,000,000 francs on imports and 272,000,000 francs on exports. The total exports, which amounted to 1,470,000,000 francs, were the lowest since long before the war. They represent, for instance, 300,000,000 gold francs, whereas the monthly average for 1913 was 550,000,000 gold francs. Compared to May, 1913, the May figures for this year represented a decrease of 962,000,000 francs, and compared to May, 1930, there is a drop of 2,205,000,000 francs—about 60 per cent.

DOUMER'S ASSASSIN TRIED

Paul Gorgouloff, the Russian fanatic who on May 6 shot and killed President Paul Doumer, came up for trial on July 25 before the Seine Court of Assizes. Three days later the jury, after a deliberation of twenty-five minutes, rendered a verdict of premeditated murder without extenuating circumstances. Gorgouloff was sentenced to be put to death on the guillotine.

DEATH OF JUSSERAND

J. J. Jusserand, former Ambassador of France to the United States, died in Paris on July 18, at the age of 77. His name is intimately linked with Franco-American relations during the first two decades of the twentieth century. After a diplomatic career which began in 1876 and took him to London, Constantinople and Copenhagen, he was appointed to Washington in 1902, succeeding Jules Cambon, and remained there until 1925, when he retired to spend the rest of his days in his native land.

While diplomacy was Jusserand's profession, his real vocation was scholarship, and his literary production was abundant and of high grade. It dealt mainly with English litera-

ture. His *Literary History of the English People* and his work *Shakespeare in France* are standard books of reference everywhere. What is less known is that he edited a very valuable series of biographies of famous French writers to which the most prominent French scholars contributed and for which he himself wrote a life of Ronsard.

BELGIAN WORKERS ON STRIKE

A far-reaching strike that began on the last day of May and continued beyond the middle of July has caused the Belgian Government serious concern. Starting because of a 5 per cent wage cut in the coal region around Mons, known as the Borinage, the trouble spread very rapidly, not merely to the other coal mines of the Hainaut, but also to other sections and to other trades, stopping furnaces, glass and cement plants, electric and gas works. The bitterness of the struggle was aggravated by the intervention of Belgian and foreign Communists, and the movement at times took on a revolutionary character. Large numbers of strikers and policemen were wounded, regiments of the regular army were called out and martial law declared. In centres like Charleroi and Mons, streets were torn up for barricades, and women led in the attacks on the police. The residence of the director of one of the factories was invaded and his garage burned down. King Albert cut short a vacation in Switzerland so that he might personally direct the military forces.

The seriousness of these disorders is explained by the economic condition of the Belgian miners. According to a Socialist Deputy whose account was published in *Le Populaire* of Paris on July 15, wages have been reduced during the last year by 30 to 35 per cent, and in almost all the mines there was work for only five days in the week. Thousands have been totally unemployed.

The government finally succeeded in bringing together representatives of

employers and workers, and on July 15 an agreement was reached. It provided for the cancellation of past reductions in wages and the maintenance of the present scale until November of this year. While this settlement seemed to meet the demands of most of the strikers and work was resumed in many sections, the unrest did not subside immediately. Meanwhile, the government attempted to assess the responsibility of the Communists in the upheaval and eventually expelled several, including a member of the Czechoslovak Parliament.

BELGIAN POLITICS

Before the Belgian Parliament adjourned on July 20 the Renkin Cabinet tried to obtain from the heads of the different parties special powers permitting it to deal with financial emergencies during the recess. A first suggestion that the King be clothed with full powers to handle all such problems for four months was frowned upon by the various party leaders; consequently Premier Renkin asked that the Parliament authorize the government to make such arrangements for short-term loans as the critical situation of the budget would require. When this was refused it was decided that Parliament be reconvened if necessary, because Belgium had shown itself unwilling to surrender its Parliamentary prerogatives or to flirt with the methods of dictatorship.

The Belgian linguistic problem was finally settled on July 18, when the bill which the House had already passed triumphed in the Upper Chamber. The principle of linguistic territoriality is thus victorious, and the French language in Flanders will undoubtedly be absorbed by the majority language, for Flemish will dominate both the primary and secondary schools. The new law provides, however, that elements of the second language may be taught in the primary schools, and in secondary schools a second language is obligatory.

The German Business Debt Problem

By SIDNEY B. FAY

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THE most important midsummer event in Germany was the Reichstag election of July 31. Its significance is discussed in a separate article in this issue (see page 655). There were also two other matters of importance—the movement within Germany for a reduction of the interest on Germany's foreign commercial debts, and the reparations settlement at Lausanne on July 8 (for text and general bearings see August CURRENT HISTORY, page 573).

With the reparations question temporarily out of the way, the Nationalists and part of the press have been agitating for a scaling down of the interest rates on Germany's foreign commercial debts. Among the reasons for this is the fact that one of ex-Chancellor Bruening's emergency decrees reduced the rate for all German internal indebtedness to a maximum of 6 per cent, and some of the interest rates on the foreign debt run slightly above that figure. Naturally, the Nationalists do not want to pay more abroad than is paid at home. A more compelling reason lies in the fact that during the present year, owing to the general world economic depression and the high tariff walls everywhere against Germany, the balance of exports over imports, together with the revenues from shipping and other services, are proving insufficient to meet the interest and amortization charges on the foreign debt. From the provisional summary compiled by the Reichskreditbank, the interest payments to foreign countries during the first half of 1932 aggregate 700,000,000 marks (\$166,000,000), against which export surpluses and services

produce only 615,000,000 marks (\$146,370,000) in foreign exchange. Hitherto the Reichsbank has been dipping further and further into its foreign exchange balance to meet the deficit, but this balance has now fallen so low that this practice can hardly continue.

Therefore the Nationalist leader, Alfred Hugenberg, proposed, no doubt partly with an eye to winning popularity in the Reichstag election, that the von Papen Cabinet should issue an emergency decree setting a date after which all foreign debts of German industry would bear only 2 per cent interest plus 3 per cent annual capital service until the debt was wiped out.

The question of Germany's ability to find foreign exchange with which to meet foreign interest and amortization charges was discussed also at the beginning of July by the German delegates at the London quarterly conference on the working of the standstill agreements. But at the moment of writing it does not seem likely that the German Government will attempt any general unilateral reduction of interest rates. It would be contrary to the policy of the government itself and even to Hitler's own previous declarations that, if reparations were done away with, the commercial debts would be scrupulously respected. It is recognized that the maintenance of the interest payments and the ultimate amortization of the German private debt is a matter not only of honor but of self-preservation. The Reichsbank also takes the view that, despite the present financial hardships, the time is not yet in sight even to con-

sider tampering with Germany's private obligations, which in any case are not matters for government interference. German private bankers take the same view as does the Reichsbank. It is probable that German industry itself, which is at present one of the most powerful influences in the Reich, would be heard from in no uncertain tones should any proposal that the government undertake to intervene in the private debt situation assume serious form.

Though this is the prevailing feeling in German banking and industrial circles, it will not prevent individual concerns from seeking to come to a private arrangement with their foreign creditors if they are unable to secure from the Reichsbank the foreign exchange necessary to meet punctually their interest and amortization charges. Such arrangements have already been made in the case of two bond issues, and others like them may have to be made when debts fall due and the debtor is unable to secure from the German Foreign Exchange Control permission to export the necessary funds at once.

The reparations settlement met with less enthusiasm in Germany than one might suppose. This was due to several facts. The ratification of the settlement by the creditor is made contingent upon a satisfactory arrangement in regard to the war debts owing to the United States, which is still problematical, in spite of Senator Borah's vigorous speeches and the undoubtedly growing sentiment in America in favor of the cancellation of debts which will never be collected. Germans had been led to believe by the statements of international experts and by their own statesmen that it was economically impossible under present conditions for the Reich to pay reparations. Also, they generally believe that she has already paid as much or more than is just and that France has received adequate compensation for her damaged areas un-

der the armistice agreement. Hence, Hitler attacked von Papen for signing the Lausanne agreement, which he condemned as "not worth three marks." Nevertheless, as compared with the Young Plan, it represents an enormous advantage to the German State.

DEATH OF MGR. SEIPEL

Mgr. Ignaz Seipel, who died on Aug. 2 at the age of 56, continued almost to his last moment to receive friends and engage in political discussions. He is generally regarded as Austria's greatest statesman since the war—the man who put Austria on her feet in 1922 and who served seven years as Chancellor. He never forgot that he was a Catholic priest, and that was partly responsible for his uncompromising attitude toward socialism and the 40-odd per cent of the Austrian electorate which supports it.

Mgr. Seipel entered politics as a loyal supporter of the Habsburgs. An inconspicuous teacher in a fashionable school for girls, he rose to become a professor of moral philosophy and social science at the University of Vienna. There he attracted the attention of the last Habsburg Emperor, Karl, who made him Minister of Social Welfare in the Cabinet that saw the empire crash. After the collapse he succeeded in preventing a split among the Christian Socialists and was elected to the National Constituent Assembly in 1919. Three years later he became Chancellor. He made a tour of Europe in order to rescue Austrian finances and finally accepted the principle of allied intervention in the shape of a loan from the League of Nations. This contained as one of its provisos that Austria should do nothing to limit her independence, a condition which was intended to prevent—and did prevent—the "Anschluss" and the proposed Austro-German economic union. Mgr. Seipel, like many Austrian Roman Catholics, was always opposed to

any union of his country with Germany. He feared that, if Austria joined Germany, the influence of the Austrian Catholics would be swamped by their northern neighbors, who were two-thirds Protestant and among whom the Socialists formed a very strong party.

After long delays the Council of the League of Nations finally approved on July 16 a loan to Austria of 300,000,000 schillings (about \$42,000,000). The loan is to run for twenty years, and is to be used for the most part in consolidating the existing short-term loans and in paying interest on them. There is, however, the important string attached to it that Austria shall refrain from any union with Germany, political and economic, until 1952. It is this condition which has raised a storm of protest from the Nationalists and Pan-German elements in Austria, as well as in Germany. German newspapers have characterized it as "political usury," as the selling of political independence for financial aid. The German Government would have voted against it in the Council of the League but for the fact that Austria pleaded that it simply must have the cash immediately or be compelled to default on some foreign loans. Germany therefore did no more than register a protest by abstaining from voting.

It now appears that the feeling in the Austrian Parliament is so strong against the conditions attached to the loan that it may not be ratified after all. It is probable that Mgr. Seipel's approval of the loan, his opposition to any form of union with Germany and his continued participation in the excitement of politics hastened his end. But events conspired with tragic irony to make his death a means of enabling his Christian Socialist party to prevent the Dollfuss Cabinet and its Lausanne policy from succumbing to the combined attacks of its enemies in Parliament in connection with this loan. Lacking one vote, the government faced certain defeat at the hands of the Socialists, Pan-Germans and dissident Heimwehr men, who complained that it had contracted to sell Austrian independence for a few schillings. Then Mgr. Seipel died. Since it was possible under Austrian law to appoint a successor to him immediately, this was done, and whereas Mgr. Seipel because of his illness could not have voted, his successor did. The result was a tie, 81 to 81, which meant the rejection of the vote of no confidence and the salvation of the Dollfuss Cabinet and its policy. The ratification of the loan, however, has been postponed, probably until September.

Spain Quells a Royalist Uprising

By WILLIAM E. LINGELBACH

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SPANISH discontent with the Azaña Government and its policies increased rapidly during July and on Aug. 10 broke out in an ugly Royalist revolt. Under the leadership of General José Sanjurjo, the rebels captured Seville and several small towns, while an uprising for a short time threatened Madrid. Especially

in the southern provinces many of the Civil Guard, which had been the mainstay in suppressing disorders, followed the popular ex-commander.

To meet the emergency, the government promptly declared martial law and summoned all its forces for the defense of the republic. Madrid troops moved upon Seville, while the Syndi-

calists announced that if the revolt succeeded they would at once institute a general strike. But the revolt was quickly put down and with slight bloodshed. General Sanjurjo and his aides were captured and taken to Madrid.

Dissatisfaction with the government's policies toward the church, landholders and the army has been general among the supporters of the old régime. To this has been added the bitter opposition of the Nationalists to the concessions being made to the separatists and, of late, the resentment of the conservatives and moderates to what Alejandro Lerroux denounced as the excessive influence of the Socialists in the government of the republic.

The discontent manifested itself repeatedly in the Cortes during July in the discussions of the Catalan Statute. Vigorous protests appeared in many parts of the country. In the Cortes itself, Alejandro Lerroux, former Minister of Finance and the leader of the strong Radical party of ninety deputies, warned the Ministry that unless a more moderate program was adopted, he and his followers would desist from their attitude of benevolent neutrality and become actively hostile. This change of front seems to be due to the conviction that Azaña is swinging too far to the Left, and that the nation at large is opposed to an autonomous Catalonia. Lerroux himself had striking proof of this at Saragossa on July 5 when he was shouted down by an angry crowd of 15,000 Nationalists with cries for "National Unity" and "Down with the Statute."

Notwithstanding this and other demonstrations against the statute throughout the nation, Prime Minister Azaña has held firmly to his policy. In reply to Lerroux, he pointed out that while the Provisional Government was still in power it adopted, with Lerroux's own cooperation, a minimum republican program, that when the Radical party withdrew

from the government in December, refusing to join in the Cabinet under the new Constitution, the present government was formed by a coalition of several parties who are now successfully carrying out that program. The Socialists, he said, were not unduly influencing its policy. On the contrary, they had sacrificed many of their socialistic aspirations, principally the postponement of the land-reform bill. His government, he declared, would remain firm until defeated in the Cortes.

By Article I of the statute, which was passed in June, "Catalonia becomes an autonomous region within the Spanish State under the Constitution." The second article provides for the equality of the Catalan with the Castilian language throughout Catalonia. The fifth, voted on the night of July 12, is the one that called forth the heated discussions referred to above. It was passed by a vote of 185 against 95. Subject to Article XI of the Madrid Constitution, the Catalan Generalidad is in general to discharge State legislation. It will administer national laws in regard to all official communications and documents; weights and measures; mining, forestry and agriculture in accord with the national economy program; railroads, roads, canals, harbors and sanitation. It will control labor insurance, the press, associations, meetings and public amusements; the right of expropriation; socialization of natural wealth and economic enterprises under the limitations set in the National Constitution, and civil aviation and wireless, although Madrid reserves the right to coordinate communications throughout the country.

Two weeks later, on Aug. 2, the Cortes, by a vote of 129 to 84, passed the article on education, giving to Catalonia the right to create as many schools of all grades as are considered necessary and can be supported. Even the University of Barcelona may, according to this article, be turned over

to the Generalidad by the National Government.

While the adoption of the articles of the statute reflects the strength of Azaña's Government, the small vote—nearly half the 470 members of the Cortes abstained from voting—is an ominous commentary on the attitude toward the whole question of regional autonomy.

While the home rule problem has crowded all others into the background, the land-reform bill has been neglected, despite the special interest of the Socialist parties in the measure. From the beginning, agrarian reform in the new republic, which has more than 5,000,000 agricultural laborers as contrasted with less than 2,000,000 persons engaged in industry, has been recognized as imperative. Nevertheless, progress has been extremely slow. The bill, so far as it has been developed, provides for the creation of a legion of tenant farmers under the State, instead of individual proprietors. In this way, the land seized from the feudal aristocracy will remain in the possession of the government, preventing the development in Spain of many thousands of small peasant proprietors.

The report on strikes of July 11 indicates a subsidence of disorder from the Left. The harvests in Andalusia, where the Syndicalists were active, have been gathered without interference, though sporadic outbursts by Communists occurred here and there. One instance was reported of agricultural workers being set upon in the fields, but the Civil Guards readily suppressed the trouble.

MUSSOLINI DISMISSES MINISTERS

The dramatic dismissal by Mussolini on July 20 of five of his foremost Ministers and eleven Under-Secretaries caused great surprise and much speculation both at home and abroad. The men dismissed were Dino Grandi, Minister of Foreign Affairs; Antonio

Mosconi, Minister of Finance; Balbino Giuliano, Minister of Education; Alfredo Rocco, Minister of Justice, and Giuseppi Bottai, Minister of Corporations.

Considerable mystery is attached to the Duce's action. In the case of Grandi, it seemed to indicate dissatisfaction over his failure to prevent the Anglo-French and Anglo-German accords which left Italy somewhat isolated at Lausanne. For some time Mussolini has insisted on an aggressive foreign policy involving the cancellation of reparations and war debts and opportunity for Italian colonial expansion. Grandi made a vigorous speech in the Senate on June 3 against "the dead-weight of reparations and war debts," demanding action on disarmament without delay and a recognition of Italy's right to expand. With a population of 42,000,000 and a country only half the size of France, Spain or Germany, Italians, he said, were becoming prisoners in an enclosed sea. The speech failed to attract much attention, but, coupled with his failure at the Lausanne Conference, it is said to have led Mussolini to take over the Ministry of Foreign Affairs himself. In addition, he has assumed that of Corporations.

Not only is the Duce's sudden assumption of two additional portfolios a complete reversal of the policy inaugurated in September, 1929, when he distributed seven he then held to others, but the violent shake-up in the Cabinet settles all doubt as to who is in control. Mussolini approaches the tenth anniversary of the Fascist régime more solitary and more powerful than ever. At the same time, in his latest move he seems to be courting the intellectuals. Six university professors have been appointed to the vacancies created by the Cabinet changes. The Fascist party, moreover, is reaching out to become more representative of the nation. The official list issued on June 24 showed a membership of 1,329,693, not including the

Balilla or the *Avantguardia*, an increase of 181,933 over the last year. Contrary to the custom of admitting only persons who had grown up in the organization, the lists this year were opened to others. Selections from outside the party ranks were made with great care. Recently, too, an auxiliary branch of the Fascist party has been organized for women.

In the meantime, Italy's insistence on immediate action in the matter of disarmament is somewhat discounted by the extreme glorification of war in Mussolini's article on Fascism in the *Encyclopaedia Italiana*, reprinted in *Il Popolo d'Italia*. Scouting the idea of perpetual peace, he declares that pacifism "implies renunciation of struggle and cravenness in the face of sacrifice. * * * Only war carries human energies to the highest level and puts the seal of nobility upon peoples who have the courage to face it. * * * Fascism," he says further, "is anti-individualistic and for the State. * * * All true value is in the State and nothing human or spiritual exists or has value outside the State."

For the glory of the State, also, the population must increase, the latest effort in the campaign against the declining birth rate appearing in the vigorous advocacy of early marriages and announcement of what an American press dispatch hailed as the "Honeymoon Special," or the provision of free transportation for newly married couples.

The Italian budget for June showed a surplus for the first time in many months. This, together with the agreement on reparations, seems to have stimulated the belief throughout Italy that the economic tide has turned. The State tobacco monopoly showed an increase of \$2,000,000 for the year 1930-31 over the previous year. Of interest is the fact that less than 1 per cent—0.84—of the sales of the monopoly are of foreign tobacco, 99.16 per cent being tobacco man-

ufactured in Italy and about 83 per cent grown in the country. While capital has suffered severely, the many failures in business have had less effect upon the national economy as a whole because the great majority of Italian industrial enterprises are small.

According to the census of 1927, out of a total of 750,000 industrial concerns fewer than 200,000 employed more than five workmen each, while of the 800,000 commercial establishments only 25,000 employed more than five persons each. Unemployment, which had reached the million mark, has subsided considerably. Moreover, the official statisticians point out that the percentage of the total population unemployed has been less in Italy than in any of the major countries except France, being only 2.55 as against 2.36 in France, 6.07 in England, 6.76 in the United States and 9.56 in Germany. Along with the marked improvement in employment, a slight improvement in the buying power of wages is also apparent. In 1931 wages had increased from 2½ lire in 1913 for a ten-hour day to 14½ lire for an eight-hour day, with the lira now worth a little over 5 cents. Allowing for the great depreciation of the lira since 1913, this indicates that there has been an increase in the purchasing power of wages of about 41 per cent.

THE PORTUGUESE CABINET

The new Portuguese Cabinet headed by Dr. Oliveira Salzar, former Minister of Finance and generally recognized as the ablest man of the last Ministry, was announced on July 5. Besides being Prime Minister, Dr. Salzar is also Minister of Finance and Minister of War. Foreign affairs are entrusted to Dr. Sazar Mendez. The absence of military men in the new Cabinet is indicative of an effort to popularize the régime which for seven years has continued to give a stable government to Portugal. On the other

hand, Dr. Salzar's government seems to enjoy the complete confidence of the military, which has promised its support.

The body of former King Manoel arrived in Lisbon on Aug. 2 on board the British warship *Concord*, for burial in Lisbon's Pantheon. All parties participated in the royal cortège, which included government officials, members of the diplomatic corps and the military. More than 300,000, it was estimated, lined the streets in the largest demonstration ever seen in

Portugal. On its way the procession passed through the square in which in 1908 Don Carlos and his son, Don Louis, were assassinated, but old animosities were forgotten. The royal flag floated at half-mast by the side of the republican, which ousted it twenty years ago. President Carmona and the Cardinal Patriarch, with other officials, attended the funeral services. By his will Manoel's entire Portuguese estate is left to the government, the revenues going to his widow during her lifetime.

Rumanian Peasants Regain Power

By FREDERIC A. OGG

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THE people of Rumania on July 17, for the third time in less than four years, chose a new Chamber of Deputies; and, as was expected, the National Peasant party won a decisive victory. The election was the culmination of a series of political events which began at the end of May with the dismissal of the Cabinet headed by Professor Nicholas Jorga, King Carol's old tutor, and dominated by Constantine Argetoianu, court favorite and Finance Minister. The Jorga-Argetoianu Government, which had been reactionary and sympathetic with the King's dictatorial leanings, had shown itself, as was demonstrated in a report by the country's financial adviser, Charles Rist, of the Bank of France, so incompetent in financial matters that only a complete reversal of its policies could be expected to set the nation on the road to financial rehabilitation. Obligated to repudiate the discredited régime, the King turned back to his old democratic supporters, the National Peasants, one of whose Transylvanian leaders, Dr. Alexander Vaida-Voevod, formed a provisional Ministry to serve until

this general election could be held.

The campaign preceding the polling on July 17 was lively, and as many as twenty different parties presented candidates. Strangely enough, not even special election police organized by the opposition groups were able to obtain sufficient evidence of electoral malpractice by the Peasants' candidates and supporters to furnish grounds for serious complaint. Governments in Rumania regularly win their elections, and in only one previous instance—the election of 1927, in which the Peasant party achieved its first national victory—was success ever attained without resort to terrorist methods and the manipulation of votes. The record of the twice victorious popular party in this respect constitutes a new and gratifying chapter in the rather sordid story of Rumanian politics.

Official announcement of the results of the election showed that the National Peasants had won 277 seats—with 45 per cent of the total popular vote, as compared with 15 per cent at the last election—the Duca wing of the Liberals 28, the Bratianu wing

13, the Hungarian party 14, the Anti-Semites 11, the Socialists 6, and sundry other parties a total of 38. As former Premier Jorga and his group received only a single seat—M. Argetoianu was re-elected—it would seem that the country had definitely decided against the King's attempts at personal government; therefore the results of the election may be construed as a rebuff to anti-democratic forces generally. Whatever the merits of its political and economic program, the Peasant party has at least always stood for democratic principles and methods. In the new Parliament there are 287 Deputies for the government and 110 against it.

Before the opening of the new Parliament on July 30—Senatorial elections having been held in the meantime—there was some expectation that Julius Maniu, the real leader of the victorious party, would supersede his lieutenant, Vaida-Voevod, as formal leader and as Prime Minister. This did not occur, though on July 27 Maniu was urged by the King to take over the Premiership and four days later he presumably opened the way to doing so by telling a deputation of the party that he was prepared to resume active party leadership. It will be recalled that Maniu in 1930 made it possible for Carol to return to the country as King, but that a breach soon arose between them and that the ex-Premier went into seclusion at his villa in the Transylvanian Alps. Because of the country's financial plight it would not be strange if the Peasant leaders cherished somewhat mixed feelings over being allowed to win a second time at the polls in order to pull the chestnuts out of the fire for the other parties.

POLES BOYCOTT DANZIG GOODS

A Polish boycott against Danzig goods and against Danzig shore resorts has been made the subject of a vigorous protest by the Danzig Government to Dr. Papee, Polish represen-

tative, and to Count Gravina, League commissioner. Observing that similar earlier protests were without effect, and that Polish civil servants are participating in the propaganda, the note charged that the movement is being directly or indirectly furthered by the Warsaw authorities.

Confronted with a grain harvest 15 per cent larger than that of last year, and with a correspondingly intensified problem of marketing at prices that will yield some profit, the Polish Government decided late in July to convoke a session of the research committee set up in 1930 by a conference of Ministers of Agriculture of eight Central and Eastern European States. The committee, meeting in August, was to prepare a plan of agricultural policy for submission to the projected economic conference, and it was believed that Poland's influence would be exerted in favor of a preferential tariff scheme on the lines of the agreement that has recently been concluded between the governments of Belgium and Holland.

PROBLEM OF YUGOSLAV UNITY

Behind the dictatorship still maintained in Yugoslavia is the idea of King Alexander that Serbs, Croats, Slovenes and Montenegrins, Moslems, Christians and Jews, Greek Orthodox and Roman Catholic can be made to forget their ancient differences and work together for the common good. The goal of an integrated, centralized Yugoslavia has, however, never appealed to certain elements, chiefly the Croatian Nationalists, and signs multiply that the program will presently collapse. Political agitation has increased in recent weeks, and bomb explosions, arrests of army officers and assassinations of political leaders have created a situation unpleasantly reminiscent of that which came to a climax four years ago in the murder of Stephen Raditch, the Croatian leader, and two of his associates on the floor of the national Parliament.

The Croats are no less bent today than before on autonomy within a federal State, with their own treasury and their own troops. On the other hand, German Hitlerism has stiffened the attitude of Serb unificationists, resulting in more ominous tension than for some time past.

Differences of opinion as to policies to be pursued led Premier Voyislav Marinkovitch and his Cabinet to resign on June 29. Though changes were expected in only minor posts, the head of the new government, created on July 2, proved to be Dr. Milan Srskitch, former Minister of the Interior, with M. Marinkovitch continuing in the rôle of Minister without portfolio. The new Cabinet group contained nine Serbs, four Croats and three Slovenes and seemed to represent a shift toward the Right. The new Premier, a Serb who played an active part in the Bosnian Parliament against the former Austro-Hungarian monarchy, has been one of the principal supporters of the present dictatorship.

During the last week of July the Standard Oil, Vacuum and Shell companies refused to make further imports of gasoline into Yugoslavia unless import duties thereon were reduced. Under threat, however, that unless the boycott was abandoned the government would declare oil a monopoly and obtain supplies for the country from Russia, the companies found themselves obliged to recede from their position.

HUNGARY'S REPARATIONS DILEMMA

On the assumption that the conference on Eastern European reparations to be held in October will deal with Hungary's liabilities to her former enemies in the same manner that Germany's obligations were dealt with at Lausanne, the Hungarian Government and people have been generally sympathetic with the Lausanne settlement. There is, however, a fly in the

ointment. If the country's reparation liabilities were to be canceled, there would be no further payments into the optant funds which today are sustained with money contributed by Hungary on account of reparations. This would mean that the optants—the Hungarian landholders whose estates were in territory now belonging to Rumania—would be left without further compensation for the lands which they surrendered unless the Budapest Government arranged to keep up the payments without the present camouflage of reparations. Knowing how difficult it would be to convince the average taxpayer of the necessity or justice of continuing the burden on this direct and voluntary basis, the government is almost driven to hope that the nation will not, after all, be wholly excused from reparation obligations.

In a communiqué of Aug. 4, the League of Nations loan committee, conceding that it has no power in the matter, urged bondholders of the Hungarian 7½ per cent reconstruction loan of 1924 to acquiesce in the government's proposal that, while recognizing the full extent of its obligations and agreeing to discharge all arrears, it be permitted to postpone further payments of interest and principal until foreign exchange becomes available.

THE DEATH OF THOMAS BATA

The death of Thomas Bata in an airplane accident on July 12 cost Czechoslovakia its most conspicuous captain of industry. In government and financial circles his death was considered little less than a national disaster. Known as the Henry Ford of Czechoslovakia, Mr. Bata had developed the principal shoe manufacturing business of Europe, built up the model industrial city of Zlin, introduced a successful profit-sharing system and taken rank generally as one of the most enlightened and influential industrial leaders of his time.

The Swedish Premier's Downfall

By RALPH THOMPSON

THE long process of untangling the affairs of the late Ivar Kreuger has brought forth few more startling revelations than that the former match magnate, while in New York last February, had sent Carl Gustav Ekman, the Swedish Premier, a check for 50,000 kronor (nearly \$9,000), and six months earlier had given the same amount to the People's party, of which Mr. Ekman is the leader. On Aug. 6, as a direct result of the disclosure and after consultation with King Gustaf, Premier Ekman resigned and the Swedish Cabinet was reconstructed under Felix T. Hamrin, the Finance Minister.

Two weeks before, on July 22, Mr. Ekman had announced that, acting for his party, he had returned 50,000 kronor to the receivers of Kreuger & Toll, because it was obvious that, although Kreuger had given the sum "in absolute good faith as a contribution toward the election expenses of the People's party," the money could not be kept in view of what investigation showed to be the state of the former capitalist's finances. Mr. Ekman said nothing at this time of the 50,000 kronor which Kreuger sent him from New York, and it was only on the day of his dismissal that the Premier acknowledged its receipt.

Mr. Ekman, whose government granted over 16,000,000 kronor to Kreuger companies ten days after the check in question was dated, said the second 50,000 kronor had gone to his party and had been used; a dispatch from Stockholm on Aug. 7, however, reported that the party administrators had heard nothing of the gift until the day before the Premier's resignation. The Swedish press united in condemning Mr. Ekman's action,

whatever his motives may have been.

Kreuger's gift to the People's party was not his only contribution to political groups in Sweden; he was an important supporter of the Independent Communist party (which united with the Social Democrats in 1926), and in July, 1931, he made a temporary advance of 25,000 kronor to the Conservative party, which is headed by Arvid Lindman, who was Premier between 1928 and 1930. Thus far no repercussions have been caused by this unexpected evidence of Kreuger's curious political impartiality.

Mr. Ekman, who had held office since June 7, 1930, had been Premier once before, between the time the Sandler Cabinet left office in June, 1926, and the appointment of Arvid Lindman in October, 1928. His successor, Mr. Hamrin, has retained the Ministry of Finance and will thus act in a double capacity. The government is otherwise unchanged, except for the appointment of a consultative counselor, or Minister without portfolio.

FASCISM IN FINLAND

The difficulties which the Finnish Government has been experiencing with the Lapuans, a Fascist organization, have not come to an end. The revolt of February, 1932, in which some 4,000 Lapuans mobilized at Mäntsälä and threatened to march upon Helsinki, about forty miles away (see *CURRENT HISTORY* for April, page 121), had apparently been put down early in March with the arrest of the leaders and the dispersal of the rank and file, and when it was announced on April 12 that a general amnesty bill providing immunity for all offenders except military and civil

leaders had been prepared, it was felt that the high point of the reactionary movement had been passed. Two months later, however, a new revolt broke out at Mäntsälä, and this was put down on June 18 only after government troops had been sent to the district and several ringleaders had been arrested.

The rebels, it was said, had planned to kidnap Baron von Born, Minister of the Interior, inasmuch as he had refused to resign in accordance with their demands. The forcible detention of their opponents has long been a dreaded weapon in the hands of the Fascists; in October, 1930, it will be remembered, ex-President Kaarlo Stahlberg and his wife were victims of this lawlessness. That such tactics have not been abandoned by the Lapuans was shown by a vain attempt to kidnap Defense Minister Lahdensuo on July 17.

President Svinhufud, who came into power in 1930 as a result of the Lapuan movement, has in some degree acceded to the demands of the anti-Communists; it was announced on July 21 that General Jalander, Governor of the Uusimaa Province, had finally been dismissed by the President after such action had been repeatedly urged by the Lapuans. On the other hand, the trial of the Fascists arrested earlier in the year—over 100 in all—began in Abo on July 6; prominent among those who face the charge of conspiring against the present Cabinet are Vihtori Kosola, hailed as the man who saved Finland from bolshevism, and General Wallenius, former head of the army staff.

NEW ESTONIAN GOVERNMENT

The new State Assembly of Estonia, which was elected in May, 1932, on July 21 appointed a new government, with Karl Einbund as State head. Mr. Einbund's Cabinet succeeds that of Jaan Teemant, and, according

to unofficial computation, is the twenty-fifth to hold office since Estonian independence was proclaimed in 1918.

THE GREENLAND CONTROVERSY

Norway recently took further steps toward establishing herself in East Greenland. On July 12 the Oslo Government decided to occupy a strip of territory between 61° 30' and 63° 40', and by so doing added yet another item to the list of "affronts" which an outraged Denmark exhibits to the world at large. The history of the long-standing controversy between the two countries, which originated with Norway's refusal to recognize Denmark's sovereignty over East Greenland, was traced in these pages last month; considering what has gone before, the occupation of additional territory by Norway is a logical move—from the Norwegian point of view.

The World Court will eventually rule upon the major question at stake—whether Denmark is the rightful owner of East Greenland and Norway only a squatter there—and the occupation of July 12 did not hasten action at The Hague. Norway declared that her step was taken to protect the interest of Norwegians, and that it was not an imperialistic gesture. Oslo felt that the Danes, in their zeal to uphold their claim to sovereignty, were infringing upon Norway's rights by giving police authority to Danish expeditions to East Greenland, and that only by formally occupying certain territory herself could she protect her nationals.

On Aug. 3, however, the World Court did hand down a decision affecting Norway and Denmark in Greenland when it unanimously dismissed the plea of the Norwegian Government for interim measures of protection against possible Danish encroachments in the southeastern part of the island. As a result, Norway is no doubt more than ever firmly con-

vinced that she can maintain her so-called rights only by such positive measures as occupation.

HAGUE VERDICT ON MEMEL

By a vote of 10 to 5, the World Court on Aug. 11 ruled that the Governor of Memel was within his rights in dismissing Otto Boettcher, president of the directorate, who was ousted last February after he had negotiated with Berlin regarding the foreign relations of Memel. Thus Lithuania has been upheld in her belief that she has certain rights of sovereignty over

this autonomous territory, which was taken from Germany by the Treaty of Versailles.

From the German point of view, of course, the decision was unsatisfactory, and the prospects of permanent peace in Memel are by no means good. Two essentially unfriendly elements live in the district—a Lithuanian minority, which is working to extend the control of the Lithuanian Republic, and a German majority, which proved its strength in the elections to the Memel Diet last May and which naturally leans toward Berlin.

Gains in Soviet Foreign Relations

By EDGAR S. FURNISS

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RECENT events in world affairs foreshadow significant changes in the international position of the Soviet Union. The effect of these events has been to stabilize and improve the foreign relations of the Union, especially with her nearest neighbors on the eastern, southern and western frontiers, and also to inject new uncertainties into the larger sphere of world affairs which call for readjustment of Soviet foreign policy.

In the Far East the increasing friction with Japan has borne fruit in the sudden improvement in Soviet relations with China. Diplomatic relations between these two countries were suspended in 1929, during the dispute over the Chinese Eastern Railway; this rupture marked the end of a series of events through which Soviet influence, at one time dominant in the nationalist movement, was entirely eliminated from Chinese politics. The creation of the new State of Manchukuo under Japanese hegemony, the penetration of Japanese forces to the Siberian border of Manchuria and the threatened invasion of Jehol province

have provided a basis of common interest upon which China and Russia can again join forces. The clash of China with Japan has been responsible, also, for an increased radical influence in Chinese domestic politics which makes Nanking more tolerant of Communist ideas.

Since the break in relations three years ago the Soviet Union has been content to mark time until China should be moved to take the initiative. At the end of June, 1932, a special mission from China arrived in Moscow for the purpose of re-establishing diplomatic contacts, letting it be known that Nanking had surrendered her demands with regard to the Chinese Eastern Railway which had proved an insurmountable obstacle in earlier attempts at settlement. The final outcome of the negotiations has not yet been made public, though news releases from Moscow indicate that the two countries intend to conclude a commercial treaty and a pact of mutual non-aggression. The immediate task of re-establishing diplomatic relations was soon accomplished

and before the end of July the Soviet consulates and other governmental agencies were reopened throughout China. The significance of these developments in relation to Soviet influence in the troubled area of the Far East is obvious.

On the Southern border the Soviet Union has always maintained friendly contact with Turkey, and she has seized recent opportunities to increase the cordiality of these relations and to display them to the world. The visit of the Turkish Premier to Russia some weeks ago was signalized by pomp and ceremony beyond precedent in Soviet history. The highest officials of the Union, the government press and the organs of the Communist party united in demonstrations of friendship which seemed almost excessive in view of the rather commonplace character of the event. Turkey, however, has an important rôle to play in Soviet foreign policy. Turkish antipathy to the imperial policies of the greater European States makes her a potential ally of Russia in the strategy of world politics. The Soviet Union is attempting, in particular, to promote a rapprochement between Turkey and Italy, despite the ancient grievances which have embittered the relations of those two countries, and to bind both to herself as a balance against the French hegemony in Europe. Soviet enthusiasm for the friendship of Turkey is but a phase of this larger policy.

Turkey, on her part, made public declaration of her willingness to serve as the champion of Soviet interests on the occasion of her admission to membership in the League of Nations on July 18. The reply of Kemal Husnu Bey, the Turkish delegate, to President Hymans's speech of welcome was given in the form of a plea for the recognition of the Soviet Union's right to a larger share in the activities of the League and was in line with recent public utterances of Italy to the same effect. Here is an indication of the

success of Soviet Russian diplomacy.

Relations of the Soviet Union with her immediate neighbors to the west have improved during the month as an indirect result of dramatic events in German domestic politics and in the international affairs of the German Reich. The abrupt suppression of the Prussian Government by the central authority of the Reich and the establishment of a semi-military dictatorship over the affairs of Berlin and the province of Brandenburg were occurrences of much significance for the Soviet Union. Equally important was the outcome of the Lausanne Conference, which, while putting an end to reparations, gave Germany the opportunity to challenge the concept of war guilt and thus to attack at its foundation the structure of post-war Europe. These events directly affect the relations of the Union with Germany.

Their indirect effects were disclosed by Poland's taking immediate steps toward improving her relations with Russia. Poland saw that her welfare, and even her territorial integrity, might be imperiled. The suppression of the Prussian Government meant that the socialistic policies of the regularly constituted authority were overridden by the conservative and nationalistic forces of the country, which openly avow a determination to recover for Germany territory now in Poland's possession. That the Nazis should have hailed with delight this act of dictatorship is significant of the issues involved as they affect Poland. The proceedings at Lausanne, von Papen's aggressive rôle at the conference and especially his concluding declaration that Germany considered that the principle of war guilt would now be abandoned as a basis for future European diplomacy were taken by Poland as a warning that she could no longer rely on the support of the greater European States in her territorial controversy with Germany. In these circumstances it became imperative for her to make

herself secure against possible conflict with the Soviet power on her Eastern frontier.

Poland, accordingly, signed a treaty of amity and non-aggression with the Soviet Union on July 25. A draft treaty had been initialed in January, 1932, by representatives of the two governments, but was held in abeyance because of Poland's stipulation that Rumania should be co-signer, a stipulation that arose from a prior agreement between Poland and Rumania requiring their cooperation in all such matters. But Rumania has been unable to achieve a settlement of existing disputes with Russia. Poland's recent proposal means, therefore, that she is now determined to act alone, if need be, in the effort promptly to stabilize her relations with the Soviet Union. This step is more important than may appear at first sight. Russia's attempts during the past decade to obtain security on her western frontier have been largely thwarted by the Polish-Rumanian entente, and by the treaty arrangements of each of these States with France. The effect has been to require Russia to come to terms with the Eastern European States as a bloc, a thing which she has been both unwilling and unable to do because of the status of her relations with Rumania. To separate these allies and neutralize the major partner, Poland, will be a source of strength to Russia in her dealings with Rumania. Moreover, it may be assumed that the smaller States of Eastern Europe will promptly follow Poland's lead, thus contributing greatly to the stability of Russia's position in international affairs.

Recent events in Germany's domestic and international politics have, as suggested, a direct as well as an indirect bearing on Soviet affairs. For the time being they inject into Soviet-German relations an element of uncertainty whose outcome it is difficult to foresee. Those who have

followed the course of Soviet diplomatic strategy during the past decade have observed how various have been the rôles played by Germany in the foreign policy of the Kremlin. At times it appeared that these two powers were about to unite to dominate the European scene; at other times they have drawn apart, almost to the point of open rupture. Following one of these periods of estrangement, the past two years have been marked by a progressive increase of cordiality in Soviet-German relations. In 1931 the Soviet Union rose to second place among German export markets, and early in 1932 to first place. The two countries on June 15 concluded a new trade agreement carrying the most liberal credit terms in behalf of Soviet purchases in Germany. Everything pointed to a multiplication of economic ties between these countries with consequent political affiliations which could not fail to make for harmony and cooperation in foreign policy.

But recent events have interrupted this smooth progress of affairs, at least temporarily. The coup of the Reich Government in Berlin was like an open declaration of war upon the radical parties of Germany, in particular upon the German branch of the Communist International. Germany's belligerency in the recent international conferences and especially her declaration upon the dissolution of the Disarmament Conference that henceforth she will hold herself free, despite treaty requirements, to increase her military establishment to a par with that of France were in direct opposition to Russia's program of worldwide demilitarization. It is probable that the Communist rulers of Russia are more disturbed by developments within Germany than by the Reich's attitude toward foreign affairs. But, however this may be, Litvinov took occasion on the closing day of the Disarmament Conference to censure Germany for her recalcitrance, giving

point to his criticisms by displaying an unwontedly conciliatory attitude toward the French. Though the significance of the incident remains to be seen, it was accepted by the other delegates at Geneva as an indication of a real change in Soviet-German relationships.

Account should be taken of two other developments outside the European arena. The first is the threat to Russia's economic welfare which has arisen at the British Imperial conference at Ottawa. At an early stage in its proceedings the conference received suggestions from Australia and Canada that the British Empire, and Great Britain in particular, should take immediate steps to boycott Soviet trade. This was followed, on July 25, by a direct resolution backed by these Dominions denouncing the trading methods of Russia. Definite action was postponed by referring the resolution to a special committee set up to consider the general problem of unfair competition.

The other development referred to is less concrete, but at the same time potentially more important. It is the accumulation of evidence favorable to an early recognition of the Soviet Union by the United States. It should be said at the outset that the American Government has in no way openly changed its position on this question;

ostensibly it stands as before, opposed to any official negotiations in this direction until Russia has first met the three conditions laid down by Secretary Hughes years ago. Nevertheless, there are powerful unofficial influences at work which cannot be disregarded by any serious student of the trend of events.

Important members of the American Government have become active in their individual capacities in the cause of recognition. Organizations in the United States, such as the American-Russian Chamber of Commerce, have launched a publicity campaign in favor of recognition. The attempt is being made to bring the question before the people in the forthcoming election by persuading the Democratic candidates to become protagonists of recognition. And of chief significance, it is known that important American business interests, appointing themselves unofficial ambassadors, are at work in Moscow and Washington preparing the basis of consultation between the two governments. A preliminary procedure has been proposed to, and accepted by, the Soviet Government, and is at this writing under discussion at Washington. It is at least suggestive of future developments that the American Government has abstained from any reiteration of its opposition to these manoeuvres.

Ibn Saud Crushes Arab Revolt

By ALBERT H. LYBYER

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A REBELLION in Arabia broke out end against King Ibn Saud at the crushed of May and continued until Some d in a fierce battle on July 31. man months ago rumors from Am- tribes maintained that various Bedouin restless in Ibn Saud's dominions were es and ready to revolt. The prin-

cipal cause appears to have come from the general economic depression. Since a large part of the inhabitants of the desert live near the limit of subsistence and for the Hejaz the payments by pilgrims constitute an important source of revenue, the great reduction in the number of pilgrims

this year brought many Arabs to extreme want. Further hardships have resulted from the scanty rainfall, which, never bountiful, has been below average during the past two years. Moreover, for many months no salaries have been paid to government officials and the army.

The leader of the revolt was Sheik Ibn Rifada el Awad of the Billi tribe. He and many of his followers were sent into exile seven years ago, when King Hussein was defeated by Ibn Saud. The Billi and Howeitat tribes were punished for supporting the vanquished King and many took refuge over the border. Some wandered into Egypt, Palestine and Transjordan, and engaged in various unlawful pursuits, such as smuggling hashish, robbing travelers and raiding live stock. For a time Ibn Rifada lived near Cairo, but last Spring he visited Transjordan and the Northern Hejaz, and evidently arranged a gathering near the Gulf of Akaba, mostly of Howeitat Arabs. About 800 tribesmen crossed into the Hejaz on May 20, apparently in the expectation of a general uprising in their support.

King Ibn Saud gathered forces, well aware that unless he put a speedy end to this movement, disaffected groups elsewhere in his dominions might rise and threaten dissolution of his power. His strategy was to permit the rebels to advance a considerable distance, and then entrap them in the midst of better-armed men. An all-day battle at the end of July crushed the revolt. Not only Ibn Rifada fell but also his two sons, his principal aid, Sheik Mahmud Abu Tukeika, and 360 rebels besides. Ibn Rifada paid the penalty of revolt by being beheaded.

But other elements of trouble exist. The Ruallah tribe in Southern Syria has announced its intention to assist in driving out Ibn Saud in favor of one of the sons of the deceased King Hussein, while small tribal raids by Wahabis into Palestine have been reported. Exiled friends of the Hashim-

ite family—that of King Hussein—are believed to be supporting the various movements of revolt with food, ammunition and money.

King Ibn Saud is said to have declared that he does not recognize the Balfour Declaration in favor of a Jewish national home in Palestine and that he reserves the right to intervene at a suitable time.

From an Arabian source have come certain items concerning the Yemen: Its administration is according to the form established by Turkey, with subdivisions into *livas*, *kazas* and *nahi-yehs*; its income is about \$5,000,000, but expenses in normal times are only about three-fourths that sum. The present depression has not been felt in the Yemen and unemployment is no greater than usual. The government's income is derived from the tithe on crops produced by ditch irrigation, the twentieth from the results of well irrigation, the poll tax paid by Jews—from 25 to 75 cents each—taxes on animals, and customs duties of 8 per cent on necessities and 15 to 20 per cent on luxuries. Exports pay 1 or 2 per cent of their value.

Hospitals are maintained in the principal towns, with Italian and Yemenite physicians. Primary schools exist in the villages and secondary schools in the cities. At Sana, the capital, are to be found a military school, a normal school, a higher school of languages where English and French are taught and a religious school. Italian influence is strong in the Yemen. Yemenite boys are taught gratuitously in Italian schools in Eritrea and branches of the Bank of Rome extend credit to the people of the Yemen. The Imam, however, is anxious to maintain the independence of the country.

TURKISH INTERNAL PROGRESS

The subject of airplane construction and aerial communication was debated in the Turkish Grand National Assembly at the beginning of July.

Zeki Bey, Minister of War, stated that last October a contract was arranged with an American company to establish air service throughout Anatolia. For one year American engineers will be employed in the factory at Kaiseriyeh to manufacture planes; at the end of that time either party may cancel or modify the agreement. Postal air communications will be organized and landing fields prepared. The American company has authority to operate a line between Istanbul and Europe, but the service within Turkey is a monopoly of the Turkish Government. A Turkish company will be organized for internal communication. The first project contemplates the building of twelve planes.

The Turkish budget for the year beginning July 1 was balanced at 169,000,000 Turkish pounds (about \$80,000,000); last year the amount was 194,000,000 Turkish pounds and for the previous year 232,000,000. The reduction has thus amounted to 27 per cent in two years. Because of the difficult times, in spite of great economy and the abandonment of public works, extremely heavy taxation has been necessary in order to obtain revenue. Turkey neither can nor will take care of its deficits by borrowing.

THE EGYPTIAN PARLIAMENT

The recent session of the Egyptian Parliament, which was unexpectedly prolonged to July 7, was devoted largely to discussion of economic questions. The proposal for a dam at Jebel Aulia was approved, after years of discussion. Enlargement of the harbor at Alexandria was planned because of the pending improvement of the harbor at Haifa, which is expected to deprive Alexandria of much business. An additional scheme was discussed for a new inner harbor in Lake Mariut.

No improvement can be seen in Egypt's economic condition. The Egyptian Hotels Company lost about

\$30,000 during 1931, the worst year on record except the years of the war. The plant and equipment were maintained in first-class condition, and all hotels were kept open, except small ones in the Fayum. The King David Hotel at Jerusalem, which belongs to this company, made a small profit. The Egyptian Light Railways carried during the year which ended in July nearly 10,000,000 passengers, a number seldom exceeded. Nevertheless earnings fell off \$200,000, which was almost matched by reduction in expenditures.

PALESTINIAN FINANCES

The revenues of Palestine in 1931 amounted to \$11,500,000—\$1,000,000 less than the amount expected. Expenditures exceeded income by \$200,000 although \$750,000 below the estimated figure. The government expects an income of \$12,000,000 in 1932-33—\$200,000 more than the estimated expenditure. The treasury holds a surplus of approximately \$3,000,000.

During 1931, 5,533 immigrants entered Palestine, of whom 4,000 were Jews—one-half from Eastern Europe; of the total number, 1,900 were laborers.

PROGRESS IN PERSIA

By a decree of the Persian Government in March, the gold pahlavi—valued at \$4.86—was divided into 100 riyals. The old kran was declared equal to a riyal, or approximately 5 cents. The last paper money issued by the Imperial Bank of Persia is being withdrawn this Summer, after which the Persian Government will resume the right to issue paper money.

The prices of Persian exports, especially carpets, have fallen greatly. Persia, nevertheless, is in a better position than many Western countries; her budget is balanced; decline in the value of exports has been corrected by the restriction of imports. The production of tea, tobacco and silk is increasing in the Caspian region, and

local industries—such as sugar refining, tanning, cotton-spinning and weaving—are expanding.

The government is expected to assume the monopoly of importing and distributing motor trucks in Persia. Early in the year sugar, tea and matches were made government mo-

nopolies, so that they have been imported solely by the government, which resold to merchants, increasing prices noticeably. About 90 per cent of the trucks imported into Persia are made in the United States and constitute the largest trade item between the two countries.

World War Dangers in Manchuria

By TYLER DENNETT

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ALL the parties to the Manchurian dispute, with the possible exception of Soviet Russia, are now in positions from which they cannot retire without great loss of prestige. The reaffirmation by Secretary Stimson before the Council on Foreign Relations on Aug. 8 of the unqualified determination of the American Government "not to recognize any situation, treaty or agreement which might be brought about by means contrary to the covenant and obligations of the Pact of Paris," discloses the unyielding quality of the Hoover policy. (See text of Secretary Stimson's address on pages 760-763 of this issue.) The alleged replies of the Japanese Foreign Office to the Lytton commission early in July, the somewhat hurried termination of the commission's second visit in Japan and the Japanese reaction to the Stimson speech were in a similar tone. Nor has China as yet revealed any sincere desire to reach an agreement by direct negotiation with Japan.

If Secretary Stimson from his position outside the League is able to hold in line the fifty-odd nations which on March 11 endorsed his policy of no compromise, the tenseness of the Far Eastern situation is not likely to be relieved in many a long month. Something will have to break somewhere and it is evident that the American

Government is grimly determined that the break shall take place in Japan. The situation is not quite like that in Europe in July, 1914, because it may drag on for months or years, but it is more threatening to the peace of the world than any incident since the close of the World War.

Japan is evidently prepared to defy the League, if that becomes necessary, to conserve the fruits of her military operations in Manchuria and China. To the League Japan owes her mandate over the Pacific islands north of the equator and her greatly increased prestige as a world power with a seat on the League Council. Likewise, membership in the League makes Japan more valuable to France than would otherwise be the case, and some day Japan may have need of France, as once she had need of Great Britain when she was arming for her first victory over Russia. And yet Japan seems likely to throw over whatever advantages she has obtained from the League unless the latter keeps its hands off the Manchurian affair.

Apparently the Lytton Commission, upon its departure from Manchuria in June, did not at the moment plan to return to Japan. Reports of the probable early recognition of Manchukuo, however, seems to have led the commission to make one last effort to

bring Japan to reason. Lord Lytton took occasion, whenever his train stopped anywhere, to deny that the commission was giving out statements of its conclusions. Nevertheless, in Tokio on July 6, before the commission had even made its first visit to the Foreign Office, a Tokio paper carried a statement which the Foreign Office evidently believed to have originated with the commission. This was to the effect that Japan ought not to recognize the Changchun Government while the whole question was *sub judice* before the League, that recognition would violate several articles of the Nine-Power Treaty, and that it would close the door to further negotiations between Japan and China.

The Japanese Foreign Office took note of the statement and replied, also before seeing the commission, that it had no intention to negotiate with China, since the treaty of 1915 defined Japanese rights in Manchuria, that China had never exercised sovereignty in that area, and that Manchukuo is already an independent State. The statement was softened at the end by the comment that the date for recognition of the new State had not been determined and might be postponed. The two statements taken together could not have left very much for the commission and Count Uchida to talk about when they met. After two interviews Lord Lytton took his colleagues back to China, where they are now preparing their report. In June it was suggested that the report would be too late for the September meeting of the League, but it now seems possible that its preparation may be hastened and that it may be presented to the Council by the members of the commission in person, General McCoy along with the others. Following the Stimson speech it was reported in Tokio that Manchukuo will be recognized not later than December, and if the Lytton report is unfavorable to Japan recognition will take place as soon as the report is made.

Two proposals have been offered for settling the political situation in Manchuria. From Chinese sources it would appear that China might be induced to recognize the 1915 treaty rights of Japan in Manchuria if only Japan would agree to the creation of a commission government for Manchuria with a Chinese commissioner. The status of the territory would, under such an arrangement, be practically independent of China. But the Japanese will have none of such a plan. On the contrary, they are urging the Lytton Commission to recommend that the League recognize for from two to five years the *status quo* and give the new State an opportunity to demonstrate what it can do. For the League to take such a course would involve the repudiation of its approval on March 11 of the Stimson doctrine.

The Japanese press would welcome withdrawal from the League if the commission reports against her claims. The crux of Japan's contentions in justification of her policy is the determination of whether there was in September, 1931, any situation in Manchuria so urgent that there was not time in which to call a conference of the powers. A further critical question is whether Manchukuo is, in fact, an independent State. If the Lytton commission answers these two questions in the negative, it is difficult to see how Japan can remain in the League. If the answers are in the affirmative, the commission's report will be suitable to print in a comic paper. If, finally, the commission evades these crucial questions, Secretary Stimson may be left to carry the flag alone.

One cannot refrain, at this point, from quoting a paragraph from a little-known letter of John Hay's, written in September, 1900, when he discovered that to maintain the "administrative entity" of China would require a military force which the American people would not supply.

He wrote: "The inherent weakness of our position is this: we do not want to rob China ourselves, and our public opinion will not permit us to interfere, with an army, to prevent others from robbing her. Besides, we have no army. The talk of the papers about 'our pre-eminent moral position giving us the authority to dictate to the world' is mere flapdoodle."

It remains to be seen whether Mr. Gandhi has not taught the Chinese to use a weapon more devastating than any Japan has copied from the West. The Chinese policy at present is one of pacific sniping. There has been talk of a war on Manchukuo later on, but since the Japanese evacuated Shanghai China has taken no aggressive military measures against the Japanese.

The boycott movement, however, continues. Around Shanghai it is more under cover, and the Nanking Government has made some gestures toward suppressing the anti-Japanese demonstrations in the schools and colleges; but in Canton it is open, and Kiangsu Province has formulated a stringent boycott law which Nanking will not be able to approve or ratify. A postal blockade of Manchukuo has been declared and there is talk of a customs blockade. Meanwhile, in Manchuria the elusive and often-killed General Ma, together with bandits recruited from the poor farmers who have been robbed of their seed and deprived of their markets, have managed to keep General Honjo's troops fully employed in a great many scattered areas.

In the first week of August fighting broke out again in South Manchuria with the recapture of Chinchow as the Chinese objective. Fighting is also going on all along the railway zone south of Mukden. The Japanese have appropriated all the steamers on the Sungari, thus upsetting the marketing of produce, while the Soviet Government, in retiring from Harbin, had the foresight to remove most of the rolling-stock on the Chinese Eastern. The distress in Manchuria is reported

to be great. The Japanese appear to be in for a very expensive and protracted campaign before Manchuria begins to pay dividends. As Sir John Jordan once remarked, "their feet are in the clay."

The assertions, so often repeated for the benefit of the Lytton commission, that Chinese control has disappeared from the area north of the Great Wall now requires some qualification. General Tang Yu-lin, Governor of Jehol, has been carrying water on both shoulders, but at length chose to cleave to his old master, General Chang, in Peiping. Jehol lies directly north of the Great Wall. It was once a part of Inner Mongolia, but while Chang was in control in Manchuria Tang cast in his lot with the latter. General Tang's name appeared on the manifesto of Manchukuo independence, but he has continued to divert the opium revenues to Chang in Peiping—a matter of approximately \$600,000 a month.

About the middle of July the Manchukuo Government sent Gonshiro Ishimoto, a civilian attaché, into Jehol to negotiate with Tang about the opium trade, with a view of diverting this rich revenue to Changchun. Bandits captured the luckless Ishimoto, who disappeared from view. Japan began to move troops into Jehol, captured the railhead at Pehpiao on July 19, and moved south toward the Wall and the capital. On Aug. 6 it was reported in Shanghai that Japan had started a new movement to annex a large section of territory in China proper. Reinforcements from Manchuria and Tsingtao have been rushed to Shanhaikwan, where the Great Wall meets the sea, and to Chingwantao. Shanghai reports as to Japanese intentions may be accepted with reserve, but rumors have been frequent that in the Autumn Japan plans a campaign with Tientsin and Peiping as its objectives. It would be an appropriate way to celebrate the first anniversary of the destruction

of the famous fishplate in the railway track south of Mukden.

That Japan proposes to go forward with her program of consolidation is evident from the fact that the long-discussed unification of the Manchurian Administration has at last taken place. General Honjo has been recalled to become a member of the general staff in Tokyo. He was replaced on Aug. 8 by General Nobuyoshi Muto, who, in addition to being supreme military authority, will also be "Ambassador on special mission" to Manchukuo. The Foreign Office denied that such an appointment constituted recognition of the new State. Perhaps his diplomatic status will resemble that of Mr. Stimson when he went to Nicaragua in 1927.

The customs question in Manchuria has apparently been disposed of, without the approval of the powers, merely by transferring the Japanese members of the Chinese maritime customs to the Manchukuo Government under which they have continued to collect the duties. The Changchun authorities have promptly declared that their government would bear its share of the burden for the amortization of the foreign debts of China. It has all been very informal, however, and the transaction leaves one more item on the agenda to be considered in both Geneva and in Washington. Rumors persist that there is a great deal of smuggling through Dairen. It is also reported that it is becoming increasingly difficult for foreigners other than Japanese to secure orders for goods in Manchuria. The door is still open, but the room is packed with Japanese "advisers," who appear to be partial to goods of Japanese manufacture.

Following a somewhat vituperative letter to Marshal Chang Hsiao-liang, such as the old statesmen of China would never have written, Wang Ching-wei, president of the Chinese Executive Council, resigned on Aug. 8; the next day the entire Chinese Cabinet resigned. General Chiang Kai-

shek, former President and now chief military commander, threatened to follow suit, and Marshal Chang expressed willingness to accompany him. The significance is obscure, but, at any rate, the Japanese need not be greatly troubled about organized opposition in Jehol.

THE RED MENACE IN CHINA

About a year ago young Harold R. Isaacs of New York drifted out to Shanghai and soon joined a group of European radicals. From the relatively safe extraterritorial barricade thrown up about Shanghai this group for several years has been promoting the Chinese Communist movement. For the last six months Isaacs has been editing the *China Forum*, an incendiary and vituperative six-page weekly devoted to "red" propaganda. His shining target has been General Chiang Kai-shek and the anti-Communist drive toward which the Shanghai bankers have been seeking to direct the attention of the Chinese military since the evacuation of the Shanghai area. The famous Nineteenth Route Army is now in Fukien conducting such a campaign. It was reported in New York on July 28 that the American Consul General had warned Isaacs that unless he changed his tone toward Nanking, the American Government would withdraw his extraterritorial protection. Subsequently the Department of State declared that only Isaacs's diplomatic protection might be withdrawn.

The Isaacs affair serves to draw attention to a situation which abounds in absurdities. On the one hand, the Nanking Government is flirting with Russia for an understanding which will strengthen its hands in future negotiations with Japan; and, on the other hand, the same officials are sponsoring a bloody and even fiendish persecution of Chinese sympathizers with Soviet economic and political principles. Meanwhile, the foreign radicals have gathered in Shanghai and write violent paragraphs about

the extraterritoriality which is their sole protection.

About thirteen months ago Paul and Gertrud Ruegg, also known as Mr. and Mrs. Noulens, were arrested in the International Settlement on information supplied by the British police of Singapore—so it is alleged—that they were the brains of a China-wide Communist movement. The Rueggs were associated with the secretariat of the Pan-Pacific Trade Union, which was believed to be supported by the Third International. After several months of confinement the prisoners were “extradited” to Nanking where they were imprisoned and then moved to Soochow. So great has been the informality of their treatment that the case has attracted wide attention among radicals in various parts of the world. A group of French intellectuals, including Romain Rolland and Henri Barbusse, joined in a memorandum of protest to the French Government and promptly cabled the text to Shanghai, where it was published.

In May, Isaacs issued a special illustrated edition of the *China Forum* under the caption, “Five Years of Kuomintang Reaction.” It led off with the statement that within that period there had been at least 1,000,000 direct victims of the anti-Red campaign, and supported it with twenty-four pages of details. Much of the latter is unprintable and would be incredible if one were unfamiliar with the old Chinese methods of torture and Japanese methods of repression in Korea in 1917 and had not recently read the Wickersham report on the “third degree” of the American police. The Nanking Government evidently took it seriously, for on June 18 *The New York Times* correspondent telegraphed that the Chinese Government had issued secret orders forbidding Chinese newspapers to print news of Communist executions or reports of the success of the Soviet Five-Year Plan.

The *China Critic*, a conservative

weekly, on June 16 credited the so-called Reds with the control of the major portions of Hunan, Anhwei, Hupeh, Kiangsi and Fukien, as well as with narrow strips of Honan, Chekiang and Szechuan. The area thus controlled is estimated to contain 75,000,000 people, although according to Isaacs only 50,000,000. That the movement is steadily increasing seems probable.

T. V. Soong has pointed out that the only effective way to combat communism is by fiscal, agrarian and industrial reform, a policy which the *China Critic* commends. To the latter the suppression of the Reds by military measures seems futile. This is particularly true because the Communist army, which is estimated at about 150,000, is conceded to be better disciplined than the Kuomintang forces which are sent against it. Such, for example, is the testimony of Sir John Hope Simpson, director general of the Flood Relief, who has just finished his year of labor in the regions devastated last Summer. In a dispatch to *The New York Times* on July 23, Russell Owen quoted Simpson as declaring that while his work had been interfered with by bandits, by the Kuomintang armies and by the Communist forces, the last were more likely to distribute their booty to the people, while the soldiers from Nanking were pretty certain to loot everything.

On the other hand, the Nanking officials, facing a large deficit every month, are able to live only by permission of the bankers, and the latter appear to feel about Soviet propaganda just as bankers do everywhere. Hallett Abend reported on July 11 that the Chinese Chamber of Commerce of Shanghai, alarmed at the increasing frequency of strikes and labor disturbances, had sent a petition to the Kuomintang party headquarters at Nanking begging that a more realistic policy be adopted in the settlement of such disputes. It is report-

ed that the party, which has become very unpopular with the masses, has been trying to curry favor by a conciliatory policy. A further embarrassment is that China may not be able to establish a new understanding with Russia without losing a proportionate amount of sympathy among the powers at Geneva.

JAPANESE ECONOMIC PLIGHT

Japan has nothing which remotely resembles a Red menace, but the depression has been not without effect, particularly in the agricultural districts, where the fall in the prices of both rice and silk has reduced many thousands of Japanese villagers to the borders of starvation. Silk is now at

about \$150 a bale, as compared with \$690 six years ago. Interest rates on small loans are from 10 to 12 per cent, and the farmers are burdened with debts which they cannot possibly pay. The People's party (Kokumin Nihonto) has recently been formed as a consolidation of several liberal groups. Its objective is national socialism, but with a Fascist flavor. The relief problem is the supreme domestic issue. Both inflation of the yen and its devaluation have been proposed, but neither is likely to help the starving rice and silk grower. A special session of the Diet was called for Aug. 22, at which the government was expected to propose a bond issue of from \$80,000,000 to \$100,000,000.

Text of Stimson Address on the Pact of Paris

The following is the full text of the address, entitled "The Pact of Paris—Three Years of Development," delivered by Secretary of State Stimson before the Council on Foreign Relations in New York on Aug. 8, 1932:

FOUR years ago the United States joined with France in the initiation of the so-called Briand-Kellogg Pact for the Renunciation of War. A year later, in 1929, the pact became formally effective, and it has now been adhered to by sixty-two nations. Scarcely had its ratification been announced on July 24, 1929, when it became subjected to the first of a series of difficult challenges which are still going on. In the defense of the pact in these tests the American Government has been a leader. I believe it would be appropriate, in the light of this three years' history, to take stock now of what the pact is, the direction in which it is developing, and the part which we may hope that it eventually will play in the affairs of the world.

Events have been moving so rapidly since the great war, and we have been so close to them, that it is difficult to obtain an adequate perspective. I think, therefore, that it is well to summarize briefly the background out of which this great treaty came and against which it must be judged.

Prior to the great war many men had had visions of a warless world and had made efforts to accomplish the abolition of war, but these efforts had never resulted in any very general or effective combinations of nations directed toward that end. During the centuries which had elapsed since the beginnings of interna-

tional law, a large part of that law had been a development of principles based upon the existence of war. The existence and legality of war were to a large extent the central facts out of which these legal principles grew and on which they rested. Thus the development of the doctrine of neutrality was predicated upon the duty of a neutral to maintain impartiality between two belligerents. This implies that each belligerent has equal rights and is owed equal duties by the neutral. It implies that the war between them is a legal situation out of which these rights and duties grow. Therefore, it is contrary to this aspect of international law for the neutral to take sides between belligerents or to pass a moral judgment upon the rightfulness or wrongfulness of the cause of either—at least to the extent of translating such a judgment into action. So long as a neutral exercised this strict impartiality, international law afforded to him, his commerce, and his property, certain rights of protection. And during the generations which preceded the Great War much of the growth of international humanitarianism was associated with attempts not to abolish war but to narrow and confine its destructive effects by the development of these doctrines of neutrality. Their chief purpose was to produce cases of safety for life and property in a world which still recognized and legalized the destruction of human life and property as one of the regular methods for the settlement of international controversies and the maintenance of international policy.

The mechanical inventions of the century preceding the great war and the revolutionary changes in industrial and social organization by which they were

accompanied have produced inevitable effects upon the concept of war which I have described. Communities and nations became less self-contained and more interdependent; the populations of industrialized States became much larger and more dependent for their food supplies upon far distant sources; the civilized world thus became very much more vulnerable to war. On the other hand, with these mechanical advances modern armies became more easily transportable and therefore larger and were armed with more destructive weapons. By these changes the inconsistency of war with normal life became sharper and more acute; the destructiveness of war to civilization became more emphatic; the abnormality of war became more apparent. The laws of neutrality became increasingly ineffective to prevent even strangers to the original quarrel from being drawn into the general conflict.

Finally there came the great war, dragging into its maelstrom almost the entire civilized world; tangible proof was given of the impossibility of confining modern war within any narrow limits; and it became evident to the most casual observer that if this evolution were permitted to continue, war, perhaps the next war, would drag down and utterly destroy our civilization.

Before this war was over it began to be called "a war to end war," and at the Peace Conference at Versailles the victorious nations entered into a covenant which sought to reduce the possibility of war to its lowest terms. The League of Nations covenant did not undertake entirely to proscribe wars between nations. It left unrestricted a zone in which such wars might occur without reprobation. Furthermore, it provided under certain circumstances for the use of force by the community of nations against a wrongdoer as a sanction. It created a community group of nations pledged to restrict war and equipped with machinery for that purpose. Some of this machinery, notably Article 11, which provides, on a threat of war, for the calling of a conference for purposes of conciliation, has on several occasions proved a valuable influence in the prevention of war. Another important and beneficent result of the League organization has been the regular conferences which are held between the representatives of the different nations. These discussions have proved to be effective agencies for the settlement of controversies and thus for war prevention. By them there also has been developed, particularly among the nations of Europe, a community spirit which can be evoked to prevent war. In all of these ways there has been produced the beginning of a group sentiment which is wholly at variance with some of the old doctrines in respect to war.

Nine years later, in 1928, came the still more sweeping step of the Pact of Paris, the Briand-Kellogg Pact. In this treaty substantially all the nations of the world united in a covenant in which they renounced war altogether as an instrument of national policy in their relations with

one another and agreed that the settlement of all disputes or conflicts of whatever nature among them should never be sought except by pacific means.

The change of attitude on the part of world public opinion toward former customs and doctrines, which is evidenced by these two treaties, is so revolutionary that it is not surprising that the progress has outstripped the landmarks and orientation of many observers. The treaties signalize a revolution in human thought, but they are not the result of impulse or thoughtless sentiment. At bottom they are the growth of necessity, the product of a consciousness that unless some such step were taken modern civilization would be doomed. Under its present organization the world simply could not go on recognizing war, with its constantly growing destructiveness, as one of the normal instrumentalities of human life. Human organization has become too complex, too fragile, to be subjected to the hazards of the new agencies of destruction turned loose under the sanction of international law. So the entire central point from which the problem was viewed was changed. War between nations was renounced by the signatories of the Briand-Kellogg Treaty. This means that it has become illegal throughout practically the entire world. It is no longer to be the source and subject of rights. It is no longer to be the principle around which the duties, the conduct, and the rights of nations revolve. It is an illegal thing. Hereafter when two nations engage in armed conflict either one or both of them must be wrongdoers—violators of this general treaty law. We no longer draw a circle about them and treat them with the punctilios of the duelist's code. Instead we denounce them as lawbreakers.

By that very act we have made obsolete many legal precedents and have given the legal profession the task of re-examining many of its codes and treatises.

The language of the Briand-Kellogg Treaty and the contemporaneous statements of its founders make its purpose clear. Some of its critics have asserted that the Pact was really not a treaty at all; that it was not intended to confer rights and liabilities; that it was a mere group of unilateral statements made by the signatories, declaring a pious purpose on the part of each, of which purpose the signatory was to be the sole judge and executor, and for a violation of which no other signatory could call him to account.

If such an interpretation were correct, it would reduce the Pact to a mere gesture. If its promises conferred no rights as between the members of the community of signatories, it would be a sham. It would be worse than a nullity, for its failure would carry down the faith of the world in other efforts for peace.

But such critics are wrong. There is nothing in the language of the Pact nor in its contemporaneous history to justify such an interpretation. On its face it is a treaty containing definite promises. In its preamble it expressly refers to the "benefits furnished by this treaty," and states that any signatory power violating

its promise shall be denied those benefits. The correspondence of the framers of the treaty show that they intended it to be a treaty which would confer benefits, which might be lost by a violation thereof. During the period when the treaty was under negotiation, Mr. Kellogg declared in a public address: "If war is to be abolished it must be through the conclusion of a specific treaty solemnly binding the parties not to resort to war with one another. It cannot be abolished by a mere declaration in the preamble of a treaty." (Speech of March 15, 1928, before the Council on Foreign Relations at New York.) In drafting the treaty Mr. Kellogg rightly and tenaciously fought for a clear, terse prohibition of war free from any detailed definitions or reservations. In other words he sought "a treaty so simple and unconditional that the people of all nations could understand it, a declaration which could be a rallying point for world sentiment, a foundation on which to build a world peace." (Speech of March 28, 1930, before the League of Political Education at New York.) Any other course would have opened the door to technicalities and destructive limitations.

As it stands, the only limitation to the broad covenant against war is the right of self-defense. This right is so inherent and universal that it was deemed unnecessary even to insert it expressly in the treaty. It is also so well understood that it does not weaken the treaty. It exists in the case of the individual under domestic law, as well as in the case of the nation and its citizens under the law of nations. Its limits have been clearly defined by countless precedents. A nation which sought to mask imperialistic policy under the guise of the defense of its nationals would soon be unmasked. It could not long hope to confuse or mislead public opinion on a subject so well understood or in a world in which facts can be so easily ascertained and appraised as they can be under the journalistic conditions of today.

The Briand-Kellogg pact provides for no sanctions of force. It does not require any signatory to intervene with measures of force in case the pact is violated. Instead, it rests upon the sanction of public opinion, which can be made one of the most potent sanctions of the world. Any other course, through the possibility of entangling the signatories in international politics, would have confused the broad simple aim of the treaty and prevented the development of that public opinion upon which it most surely relies. Public opinion is the sanction which lies behind all international intercourse in time of peace. Its efficacy depends upon the will of the people of the world to make it effective. If they desire to make it effective, it will be irresistible. Those critics who scoff at it have not accurately appraised the evolution in world opinion since the Great War.

From the day of its ratification on July 24, 1929, it has been the determined aim of the American Government to make

this sanction of public opinion effective and to insure that the Pact of Paris should become a living force in the world. We have recognized the hopes which it represented. We have resolved that they should not be disappointed. We have recognized that its effectiveness depends upon the cultivation of the mutual fidelity and good faith of the group of nations which has become its signatories, and which comprises virtually all of the nations of the world. We have been determined that the new order represented by this great treaty shall not fail.

In October, 1929, President Hoover joined with Mr. Ramsay MacDonald, the Prime Minister of Great Britain, in a joint statement at the Rapidan in which they declared: "Both our governments resolve to accept the peace pact, not only as a declaration of good intentions, but as a positive obligation to direct national policy in accordance with its pledge." That declaration marked an epoch.

In the Summer of 1929 hostilities threatened between Russia and China in northern Manchuria. Both nations were signatories of the pact. It was the most difficult portion of the world in which such a challenge to this treaty could have occurred. Yet we at once took steps to organize public opinion in favor of peace. We communicated with the Governments of Great Britain, Japan, France, Italy, and Germany, and the attention of the Governments of Russia and China was formally called to their obligations under the pact. Later during the same Autumn, when hostilities actually broke out and military forces of Russia had crossed the Manchurian boundary and attacked the forces of China, our government communicated with all of the signatories of the pact, suggesting that they urge upon Russia and China a peaceful solution of the controversy between them. Thirty-seven of these nations associated themselves with our action or signified their approval of our attitude. Although the aspect of the controversy had been extremely threatening and the forces of Russia had penetrated nearly a hundred miles within the boundaries of China, the restoration of the *status quo ante* was accepted by both parties and the invading forces were promptly withdrawn.

In September, 1931, hostilities broke out between the armed forces of Japan and China in the same quarter of the world, Manchuria, and the situation was brought to the attention of the Council of the League of Nations, which was actually in session at Geneva. We were invited to confer as to the bearing of the Pact of Paris upon the controversy. We promptly accepted the invitation, designating a representative to meet with the Council for that purpose; and the attention of the two disputants was called to their obligations under the pact by France, Great Britain, Germany, Italy, Spain, Norway and the United States.

The hostilities between Japanese and Chinese armed forces continued and protracted efforts towards conciliation were made by the Council of the League,

which had taken jurisdiction of the matter. The American Government maintained its attitude of sympathetic cooperation with the efforts of the Council and acting independently through the diplomatic channels endeavored to reinforce the Council's efforts at conciliation. Finally, when in spite of these efforts Japan had occupied all of Manchuria, the American Government formally notified both that country and China, on January 7, 1932, that it would not recognize any situation, treaty, or agreement which might be brought about by means contrary to the covenant and obligations of the Pact of Paris. Subsequently, on March 11, this action of the American Government was endorsed by the Assembly of the League of Nations, at a meeting in which fifty nations were represented. On that occasion, under circumstances of the utmost formality and solemnity, a resolution was adopted, unanimously, Japan alone refraining from voting, in which the Assembly declared that "it is incumbent upon the members of the League of Nations not to recognize any situation, treaty or agreement which will be brought about by means contrary to the covenant of the League of Nations or to the Pact of Paris."

These successive steps can not be adequately appraised unless they are measured in the light of the vital change of point of view which I have described in the opening of this address. They were the acts of nations which were bound together by a new viewpoint toward war, as well as by covenants which made that viewpoint a reality. Except for this new viewpoint and these covenants, these transactions in far-off Manchuria, under the rules of international law theretofore obtaining, might not have been deemed the concern of the United States and these fifty other nations. Under the former concepts of international law when a conflict occurred, it was usually deemed the concern only of the parties to the conflict. The others could only exercise and express a strict neutrality alike toward the injured and the aggressor. If they took any action or even expressed an opinion, it was likely to be deemed a hostile act toward the nation against which it was directed. The direct individual interest which each nation has in preventing a war had not yet been fully appreciated, nor had that interest been given legal recognition. But now, under the covenants, of the Briand-Kellogg Pact such a conflict becomes of concern to everybody connected with the pact. All of the steps taken to enforce the treaty must be judged by this new situation. As was said by M. Briand, quoting the words of President Coolidge: "An act of war in any part of the world is an act that injures the interest of my country." The world has learned that great lesson and the signature of the Briand-Kellogg Treaty codified it.

Thus the power of the Briand-Kellogg Treaty can not be adequately appraised unless it is assumed that behind it rests the combined weight of the opinion of the entire world united by a deliberate cove-

nant which gives to each nation the right to express its moral judgment. When the American Government took the responsibility of sending its note of Jan. 7 last, it was a pioneer. It was appealing to a new common sentiment and to the provisions of a treaty as yet untested. Its own refusal to recognize the fruits of aggression might be of comparatively little moment to an aggressor. But, when the entire group of civilized nations took their stand beside the position of the American Government, the situation was revealed in its true sense. Moral disapproval, when it becomes the disapproval of the whole world, takes on a significance hitherto unknown in international law. For never before has international opinion been so organized and mobilized.

Another consequence which follows this development of the Briand-Kellogg Treaty, which I have been describing, is that consultation between the signatories of the pact when faced with the threat of its violation becomes inevitable. Any effective invocation of the power of world opinion postulates discussion and consultation. As long as the signatories of the pact support the policy which the American Government has endeavored to establish during the past three years of arousing a united and living spirit of public opinion as a sanction of the pact, as long as this course is adopted and endorsed by the great nations of the world who are signatories of that treaty, consultations will take place as an incident to the unification of that opinion. The course which was followed in the Sino-Japanese controversy last winter shows how naturally and inevitably consultation was resorted to in this effort to mobilize the public opinion of the world. The moment a situation arose which threatened the effectiveness of this treaty, which the peoples of the world have come to regard as so vital to the protection of their interests, practically all the nations consulted in an effort to make effective the great, peaceful purposes of that treaty.

That the pact thus necessarily carries with it the implication of consultation has perhaps not been fully appreciated by its well-wishers who have been so anxious that it be implemented by a formal provision for consultation. But with the clarification which has been given to its significance by the developments of the last three years, and the vitality with which it has been imbued by the positive construction put upon it, the misgivings of those well-wishers should be put at rest. That the American people subscribe to this view is made clear by the fact that each of the platforms recently adopted by the two great party conventions at Chicago contains planks endorsing the principle of consultation.

I believe that this view of the Briand-Kellogg Pact which I have discussed will become one of the great and permanent policies of our nation. It is founded upon conceptions of law and ideals of peace which are among the most cherished faiths of the American people. It is a policy which combines the readiness to cooperate for peace and justice in the

world, which Americans have always manifested, while at the same time it preserves the independence of judgment and the flexibility of action upon which our people have always insisted. I believe that this policy must strike a chord of sympathy in the conscience of all other nations. We all feel that the lessons taught by the Great War must not be forgotten. The determination to abolish

war which emerged from that calamity must not be relaxed. These aspirations of the world are expressed in the great peace treaty which I have described. It is only by continued vigilance that this treaty can be built into an effective, living reality. The American people are serious in their support and evaluation of the treaty. They will not fail to do their share in this endeavor.

Text of the Party Platforms

THE August number of *CURRENT HISTORY* contained what were believed to be the authentic texts of the Republican and Democratic platforms. When, however, announcement was made of the signing on July 18 of the treaty between the United States and Canada for a Great Lakes-St. Lawrence waterway it became known that somehow the text of the platforms of both parties, as published in the American press, had been inaccurate in regard to the expression of the parties' views on the St. Lawrence waterway and on waterways in general.

The Republican platform as printed in *CURRENT HISTORY* and in the newspapers of the country approved the St. Lawrence waterway project but omitted the Republican attitude toward waterways in general. The following paragraph should have been included:

The Republican party recognizes that low cost transportation for bulk commodities will enable industry to develop in the midst of agriculture in the Mississippi Valley, thereby creating a home market for farm products in that section. With a view to aiding agriculture in the Middle West the present administration has pushed forward, as rapidly as possible, the improvement of the Mississippi Waterway System and we favor a continued vigorous prosecution of these works to the end that agriculture and industry in that great area may enjoy the benefits of these improvements at the earliest possible date.

The omission of this plank is explained by the fact that, although it was duly adopted by the Convention Committee on Resolutions, it was mislaid when copies of the platform were

given to the nation's press. The plank does appear, however, in the official version of the platform published by the Republican party.

Strangely enough, a similar error crept into the generally published text of the Democratic platform. In paragraph 5 of the text, as printed in *CURRENT HISTORY*, appeared the statement that the Democrats advocated "expansion of the Federal program of necessary and useful construction affected with a public interest, such as flood control and waterways, including the St. Lawrence, Great Lakes deep waterways." It seems that the statement concerning the St. Lawrence waterway appeared in the draft of the platform prepared by the subcommittee on resolutions which was given to the press but was eliminated by the full committee, was not read to the convention and was not included in the official text of the platform.

SOCIALIST PARTY PLATFORM

The following is the full text of the platform of the Socialist party of America which was adopted at its national convention at Milwaukee on May 24:

We are facing a breakdown of the capitalist system. This situation the Socialist party has long predicted. In the last campaign, it warned the people of the increasing insecurity in American life and urged a program of action which, if adopted, would have saved millions from their present tragic plight.

Today, in every city of the United States, jobless men and women by the thousands are fighting the grim battle against want and starvation, while factories stand idle and food rots on the ground. Millions of wage earners and

salaried workers are hunting in vain for jobs, while other millions are only partly employed.

Unemployment and poverty are inevitable products of the present system. Under capitalism the few own our industries. The many do the work. The wage earners and farmers are compelled to give a large part of the product of their labor to the few. The many in the factories, mines, shops, offices and on the farms obtain but a scanty income and are able to buy back only a part of the goods that can be produced in such abundance by our mass industries.

Goods pile up. Factories close. Men and women are discharged. The nation is thrown into a panic. In a country with natural resources, machinery and trained labor sufficient to provide security and plenty for all, masses of people are destitute.

Capitalism spells not only widespread economic disaster, but class strife. It likewise carries with it an ever present threat of international war. The struggle of the capitalist class to find world markets and investment areas for its surplus goods and capital was a prime cause of the World War. It is today fostering those policies of militarism and imperialism which, if unchecked, will lead to another world conflict.

From the poverty, insecurity, unemployment, the economic collapse, the wastes and the wars of our present capitalist order, only the united efforts of workers and farmers, organized in unions and cooperatives and, above all, in a political party of their own, can save the nation.

The Republican and Democratic parties, both controlled by the great industrialists and financiers, have no plan or program to rescue us from the present collapse. In this crisis, their chief purpose and desire has been to help the railroads, banks, insurance companies and other capitalist interests.

The Socialist party is today the one democratic party of the workers whose program would remove the causes of class struggles, class antagonisms and social evils inherent in the capitalist system.

It proposes to transfer the principal industries of the country from private ownership and autocratic, cruelly inefficient management to social ownership and democratic control. Only by these means will it be possible to organize our industrial life on a basis of planned and steady operation without periodic breakdowns and disastrous crises.

It proposes the following measures:

UNEMPLOYMENT AND LABOR LEGISLATION—1. A Federal appropriation of \$5,000,000,000 for immediate relief for those in need, to supplement State and local appropriations.

2. A Federal appropriation of \$5,000,000,000 for public works and roads, reforestation, slum clearance and decent homes for the workers, by Federal Government, States and cities.

3. Legislation providing for the acquisition of land, buildings and equipment

necessary to put the unemployed to work producing food, fuel and clothing and for the erection of houses for their own use.

4. The six-hour day and the five-day week without a reduction of wages.

5. A comprehensive and efficient system of free public employment agencies.

6. A compulsory system of unemployment compensation with adequate benefits, based on contributions by the government and by employers.

7. Old age pensions for men and women sixty years of age and over.

8. Health and maternity insurance.

9. Improved systems of workmen's compensation and accident insurance.

10. The abolition of child labor.

11. Government aid to farmers and small home-owners to protect them against mortgage foreclosures and a moratorium on sales for non-payment of taxes by destitute farmers and unemployed workers.

12. Adequate minimum wage laws.

SOCIAL OWNERSHIP.—1. Public ownership and democratic control of our mines, forests, oil and power resources; public utilities dealing with light and power, transportation and communication and of all other basic industries.

2. The operation of these publicly owned industries by boards of administration on which the wage-worker, the consumer and the technician are adequately represented; the recognition in each industry of the principles of collective bargaining and civil service.

BANKING.—Socialization of our credit and currency system and the establishment of a unified banking system, beginning with the complete governmental acquisition of the Federal Reserve Banks and the extension of the services of the Postal Savings Banks to cover all departments of the banking business and the transference of this department of the postoffice to a government-owned banking corporation.

TAXATION.—1. Steeply increased inheritance taxes and income taxes on the higher incomes and estates of both corporations and individuals.

2. A constitutional amendment authorizing the taxation of all government securities.

AGRICULTURE.—Many of the foregoing measures for socializing the power, banking and other industries, for raising living standards among the city workers, &c., would greatly benefit the farming population.

As special measures for agricultural upbuilding, we propose:

1. The reduction of tax burdens, by a shift from taxes on farm property to taxes on incomes, inheritances, excess profits and other similar forms of taxation.

2. Increased Federal and State subsidies to road building and educational and social services for rural communities.

3. The creation of a Federal marketing agency for the purchase and marketing of agricultural products.

4. The acquisition by bona fide cooperative societies and by governmental

agencies of grain elevators, stockyards, packing houses and warehouses, and the conduct of these services on a non-profit basis. The encouragement of farmers' cooperative societies and of consumers' cooperatives in the cities, with a view of eliminating the middle-man.

5. The socialization of Federal land banks and the extension by these banks of long-term credit to farmers at low rates of interest.

6. Social insurance against losses due to adverse weather conditions.

7. The creation of national, regional and State land utilization boards for the purpose of discovering the best uses of the farming land of the country, in view of the joint needs of agriculture, industry, recreation, water supply, reforestation, &c., and to prepare the way for agricultural planning on a national and, ultimately on a world scale.

CONSTITUTIONAL CHANGES.—1. Proportional representation.

2. Direct election of the President and Vice President.

3. The initiative and referendum.

4. An amendment to the Constitution to make constitutional amendments less cumbersome.

5. Abolition of the power of the Supreme Court to pass upon the constitutionality of legislation enacted by Congress.

6. The passage of the Socialist party's proposed workers' rights' amendment to the Constitution, empowering Congress to establish national systems of unemployment, health and accident insurance and old-age pensions, to abolish child labor, establish and take over enterprises in manufacture, commerce, transportation, banking, public utilities and other business and industries, to be owned and operated by the government, and, generally, for the social and economic welfare of the workers of the United States.

7. Repeal the Eighteenth Amendment and take over the liquor industry under government ownership and control, with the right of local option for each State to maintain prohibition within its borders.

CIVIL LIBERTIES.—1. Federal legislation to enforce the First Amendment to the Constitution so as to guarantee freedom of speech, press and assembly, and to penalize officials who interfere with the civil rights of citizens.

2. The abolition of injunctions in labor disputes, the outlawing of yellow dog contracts and the passing of laws enforcing the rights of workers to organize into unions.

3. The immediate repeal of the espionage law and other repressive legislation, and the restoration of civil and political rights to those unjustly convicted under wartime laws.

4. Legislation protecting aliens from being excluded from this country or from citizenship or from being deported on account of their political, social or economic beliefs, or on account of activities engaged in by them which are not illegal for citizens.

5. Modification of the immigration laws to permit the reuniting of families and

to offer a refuge to those fleeing from political or religious persecution.

THE NEGRO—The enforcement of Constitutional guarantees of economic, political and legal equality for the Negro.

The enactment and enforcement of drastic anti-lynching laws.

INTERNATIONAL RELATIONS—While the Socialist party is opposed to all war, it believes that there can be no permanent peace until socialism is established internationally. In the meanwhile, we will support all measures that promise to promote good-will and friendship among the nations of the world including:

1. The reduction of armaments, leading to the goal of total disarmament by international agreement, if possible, but, if that is not possible, by setting an example ourselves. Soldiers, sailors and workers unemployed by reason of disarmament to be absorbed, where desired, in a program of public works, to be financed in part by the savings due to disarmament. The abolition of conscription, of military training camps and the R. O. T. C.

2. The recognition of the Soviet Union and the encouragement of trade and industrial relations with that country.

3. The cancellation of war debts due from the allied governments as part of a program for wiping out war debts and reparations, provided that such cancellation does not release money for armaments, but promotes disarmament.

4. The entrance of the United States into the World Court.

5. The entrance of the United States into the League of Nations under conditions which will make it an effective instrument for world peace, and renewed cooperation with the working class parties abroad to the end that the League may be transformed from a league of imperialist powers to a democratic assemblage representative of the aspirations of the common people of the world.

6. The creation of international economic organizations on which labor is adequately represented, to deal with problems of raw material, investments, money, credit, tariffs and living standards from the viewpoint of the welfare of the masses throughout the world.

7. The abandonment of every degree of military intervention by the United States in the affairs of other countries. The immediate withdrawal of military forces from Haiti and Nicaragua.

8. The withdrawal of United States military and naval forces from China and the relinquishment of American extra-territorial privileges.

9. The complete independence of the Philippines and the negotiation of treaties with other nations safeguarding the sovereignty of these islands.

10. Prohibition of the sales of munitions to foreign powers.

Committed to this constructive program, the Socialist party calls upon the nation's workers and upon all fair-minded and progressive citizens to unite with it in a mighty movement against the present drift into social disaster and in behalf of sanity, justice, peace and freedom.

TO AND FROM OUR READERS

THE WISCONSIN EXPERIMENTAL COLLEGE.

To the Editor of Current History:

Mr. Sidney Hertzberg's article, "The Wisconsin Experimental College," published in July *CURRENT HISTORY*, suggests the question whether greater success would not attend such a scheme if it were to be substituted for the third and fourth instead of the first and second years of a liberal college education.

It seems that a student would be better prepared and thereby enabled to benefit more fully if those two years devoted to a comprehensive study of the civilizations of ancient Athens and nineteenth-century America were led up to by the acquisition during two years of as many as possible of the separate subjects which enter into the very large and broad synthesis or "integration" which is the aim of the Experimental College.

One cannot interpret anything in the absence of the facts; and the amount of information about such a thing as an entire civilization cannot be acquired, still less digested, in two years. To one student at least of our educational problems the Wisconsin experiment gives the impression that it is more likely to result in a vague, superficial even if general knowledge rather than the thoroughness which is our greatest intellectual need at the present time.

Since Mr. Alexander Meiklejohn is nothing if not experimental, could he not be induced to see what results he could obtain by taking a group of third and fourth year students through the curriculum described in Mr. Hertzberg's article? Such an experiment would surely bring out many new aspects of the problem that Mr. Meiklejohn devoted himself to at the University of Wisconsin.

CHARLES M. LITTLETON.

Buffalo, N. Y.

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FASCIST EDUCATION IN ITALY

To the Editor of Current History:

The article by C. H. Abad on *Fascist Education in Italy* in *CURRENT HISTORY* for July not only contains grave misinterpretations of the spirit of the education reforms under the Fascist régime, but is couched in language which clearly aims at the creation of an atmosphere unfriendly to Italy. Although many of the statements which the author makes regarding the teaching of patriotism and civic training in the schools of Italy may

be applied with greater force to other countries, especially France, the United States and Japan, the author leaves the reader with the impression that the conditions which he describes exist only in Italy. The fundamental point to be borne in mind is that education, being a public policy, must of necessity be closely related to the economic, social and political conditions of a country, and that any statesman who proposes to build an efficient, prosperous and patriotic nation must enlist the cooperation of the schools in his efforts and utilize them to effect his aims. This maxim is as true of Italy as it is true of all civilized countries.

Education in Italy is not as standardized and as stereotyped as Mr. Abad wishes to make out. The statement regarding the "single textbook" is not entirely correct. I have before me, for example, three different textbooks for the second elementary grade, compiled by three different persons and all published in the same year. But what is more important is the misinterpretation of the spirit of the teaching imparted in the schools. It is stated, for example, that individualism is "reprehensible" and that the child "is never required to make any decisions according to his conscience." Nevertheless, the instructions issued by the Minister of National Education definitely state that the programs of studies in the elementary schools are only suggestions for the guidance of teachers, who are left free to adapt them to the varying local requirements. Professor Giovanni Gentile, the first Minister of Public Instruction under the Fascist Government, when he introduced the new programs in 1923, which are still in force, said:

"The schemes for study which are described here are intended primarily as a guide. The teacher is informed of the result which the State expects from his work in each school year, leaving him free to use what he individually considers the most suitable means for arriving at it. * * * The following schemes are designed in such a way as to oblige the teacher continually to renew his personal culture, not only by means of the superficial little manuals in which he can gather the crumbs of knowledge, but from the living fountains of national culture. * * * These schemes forbid the commonplace platitudes which have so long dulled children's education, and demand pure, genuine poetry, sincere searching for truth, energetic investigation of the popular spirit, restless and never satisfied, asking always the reason why, the rapture of

contemplating pictures resplendent with art and life, the communion with great souls which speak through the mouth of the teacher."

Thus, throughout the elementary school course the child is constantly encouraged to do things for himself, to work out his own thoughts, and in this manner gradually to mold an independent personality quite distinct from that of his fellow pupils. The result is that he goes out into the world with well-formed habits of initiative and independence, not merely in possession of the tools of knowledge, but also and above all with a clear understanding of his attainments and with the confidence of one who knows his own powers and limitations, and consequently his own place in the world.

The major portion of the curriculum is devoted to the cultivation of spontaneous expression in singing, games, drawing and composition. The absurdity of the statement that "love for and interest in nature are in no way stimulated, nor is there any emphasis on kind or charitable sentiments" becomes evident when it is recalled that religious instruction is made the fundamental object of the system of public instruction. Nature study, too, is included in the school programs, and the textbooks are filled with drawings from nature. In fact, subjects nearest to child nature and those most suitable to the development of his mind are given first place in the curriculum.

There is no nationalistic or chauvinistic emphasis in the Italian schools. Their aim is national rather than nationalistic. This statement is vigorously brought out in a recent article by Professor I. L. Kandel of Columbia University, who has made extensive surveys of European school systems. He states that he did not see any special nationalist emphasis when he visited the schools in Italy in 1928.

Nor does Mr. Abad understand the true spirit of the Balilla movement. This organization, which is maintained both by private contributions and by State subsidy, conducts intellectual propaganda, and all those extra-school activities which in America and in other countries are provided through the Boy Scouts, the Girl Scouts, the continuation schools, adult education, vocational education and so forth. It conducts visits and excursions to the museums and monuments of the country; it awards prizes and scholarships; it organizes cruises; it maintains Summer camps; and, last but not least, it

promotes physical education and athletic activities. Only since the advent of fascism has the school in Italy attempted to develop the child physically as well as mentally. Professor Gentile has stated that a complete and perfect system of education should aim not only at the development of the spirit but of the body as well.

Mr. Abad is horrified by the oath of allegiance which university professors are required to take. But all civil servants in Italy are required to take the oath of allegiance, and since the universities are under the State, it is only natural that professors, in their capacity of public servants, should be required to take it too. Professors of the private universities in Italy have not been required to comply with this formality, but they have spontaneously requested to take the oath. It is noteworthy that of about 1,200 professors who are civil servants only eleven have declined to do so! Incidentally, it may be well to note that this is not the first time that Italian public officials have been required to take an oath of allegiance. It was required by certain laws that were in force under liberal but inefficient parliamentary governments, and it was discontinued, only to be resumed again in November, 1908.

There is nothing in the curriculum of the Italian schools which tends to make the people "supremely ambitious" for war or encourages "distrust and hatred" for the other nations. Mussolini has repeatedly and with ever-increasing firmness sought to make certain and safeguard the peace of Europe, while Italy's education experts, under the leadership of Gentile, have saved the Italian school and with it Italian culture. That is why Mussolini has described Gentile's reforms as "the most Fascist of all the Fascist reforms."

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